



Uganda
Securities Exchange

RULE BOOK

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UGANDA SECURITIES EXCHANGE
Trading Participant Rules 2021

**THE UGANDA SECURITIES EXCHANGE LIMITED
TRADING PARTICIPANT RULES 2021**

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PART I – APPLICATION AND INTERPRETATION

1. Application

(1) Citation:

These Rules may be cited at the USE Trading Participants Rules 2021

(2) Purpose

The purpose of these Rules is to prescribe the minimum requirements that a person shall satisfy to be approved as a trading participant of the Uganda Securities Exchange, their obligations upon admission and the standards of business conduct in respect of the brokerage services in order to promote an ethical, fair, transparent, orderly and efficient securities market.

(3) Scope of Application

These Rules are binding and enforceable on all trading participants, their employees and representatives.

2. Interpretation

(1) The terms, words and phrases defined in, and the provisions of the Capital Markets Authority Cap 84 (including the rules and regulations made under it),

(2) Reference to a body corporate or to a corporation shall be construed as including a company incorporated outside Uganda, but shall not include a sole corporation.

(3) Unless inconsistent with the context, the singular includes the plural.

(4) Headings are purely for reference purposes and shall not be taken into account in the interpretation of the Rules.

(5) Definitions

In these Rules, unless the context otherwise requires-

"Authorised refers to a person appointed by a Trading Participant to operate

"Representative" as its agent for purposes of receiving orders for the sale and purchase of securities;

"Authority" means the Capital Markets Authority, also abbreviated as "CMA";

"broker/dealer" means a body licensed by the Capital Markets Authority, and approved by the Exchange to carry on the business of buying or selling of securities as an agent for investors, in return for a commission (Broker) or on their own

behalf (Dealer);(interchangeably referred to as a Trading Participant in these Rules)

- "business day"** means any day in the week that is not a Saturday or Sunday, or a gazetted holiday, or any day as may be announced by the Exchange in a general notice to the Market;
- "calendar days"** means all the days of the week including Saturday and Sunday as laid out in the Roman calendar and unless expressly stated otherwise, all references to days shall be deemed to be references to calendar days;
- "capital"** means share capital and includes preference shares;
- "Chief Executive"** means the Chief Executive Officer of the Uganda Securities Exchange Limited;
- "Companies Act"** means the Companies Act, 2012 and any amendments to it;
- "commercial paper"** means a debt instrument with a maturity of less than a year;
- "contract note"** means a record of the details of a transaction, including its total value and all charges;
- "corporate bond"** refers to a debt instrument with a maturity of one year or more issued by a corporation;
- "corner situation"** means a situation where a single interest or group has acquired such control of any listed security that the same cannot be obtained except at prices or on terms dictated by such single interest or group;
- "currency point"** is equivalent to twenty thousand Uganda shillings;
- "Exchange"** means the Uganda Securities Exchange Limited;
- "Executive Director"** means a person, by whatever title described who has executive responsibilities within a trading participant
- "Institutional investor"** means a body corporate whose ordinary business is to hold, manage, or invest funds in connection with retirement benefits, insurance contracts, mortgage and saving schemes, and any fund

	or scheme in the nature of a collective investment or a unit trust;
"Issuer"	means a body corporate or other legal entity whose securities are listed on the Exchange
"license holder"	means a body corporate licensed by the Capital Markets Authority to operate a business specified in the license;
"listed security"	means a security, which is listed for trading on the Exchange;
"order"	means an instruction from a client to a trading participant to buy or
"Principal Officer"	in relation to a Member means an officer, by whatever title described, whose primary responsibility is the management of the day to day affairs of the Member;
"Registrar"	means an entity or person who maintains the record of securities holders for the outstanding securities of the listed security;
"Registrar of Companies"	means the public officer entrusted to carry out the duties of the Registrar under the Companies Act 2012
"Rules"	refers to these Rules;
"SCD"	Refers to the Securities Central Depository of the Exchange
"settlement"	refers to the process through which a buyer of securities transmits to the seller the consideration for securities purchased
"settlement bank"	refers to the Bank designated by the Exchange for the purpose of trading participant settlement accounts for settling transactions concluded on the trading floor
"settlement instrument"	includes cheques, drafts and any other negotiable instrument

“Trading Participant” means a person licensed by the Authority to carry on the business of buying ,selling ,dealing, trading, securities as and is admitted by the Exchange as a Trading Participant under these Rules (interchangeably referred to as a Broker/dealer in these Rules)

PART II – ADMISSION OF TRADING PARTICIPANTS

3. Eligibility to be a Trading Participant of the Exchange

- (1) No person shall be entitled to refer to themselves or hold themselves out as a trading participant of the Exchange unless such person has been admitted as a Trading Participant of the Exchange in accordance with these Rules.
- (2) An applicant seeking to be admitted as a Trading Participant of the Exchange shall:
 - (a) Be a body corporate, incorporated under the Laws of Uganda or a recognized jurisdiction with a branch or subsidiary in Uganda.
 - (b) Be in possession of a license to operate as a securities broker /dealer issued by the Authority
 - (c) Be of good financial standing and is not declared insolvent or in any arrangement (court ordered or voluntary) with its creditors.
 - (d) An applicant shall not have defaulted in settling its obligations with respect to any securities transaction executed on a duly established stock exchange or similar securities marketplace recognized by the Exchange or the Authority.

4. Application procedure

- (1) An applicant seeking to be admitted as a trading participant shall make an application in writing addressed to the Chief Executive.
- (2) The application for admission shall be accompanied by a duly completed application form set out in Appendix 1 of these Rules and certified copies of the following documents:
 - (a) Broker's license granted by the Authority
 - (b) Certificate of incorporation
 - (c) Memorandum and Articles of Association.
 - (d) A statutory declaration by the principal officer of the Applicant to the effect that the company is not adjudged insolvent and is of sufficient financial standing.
 - (e) An undertaking that the Applicant shall comply with these Rules and all the Rules of the Exchange.
- (3) An application for admission as a Trading Participant include the information/documents;

- (a) The shareholding structure of the applicant including the amount, composition and breakdown of beneficial ownership of the applicant's capital;
- (b) Details of the Board of Directors of the applicant;
- (c) The applicant's audited financial statements for the past three years or a shorter period as acceptable to the Exchange in the case of applicants who have had a shorter period of incorporation but which shall in any case not be less than 01 year.
- (d) Details of its organizational structure;
- (e) Details of key personnel;
- (f) Details of its operating systems and evidence of resources to conduct such business.
- (g) A statement that it does not have as any of its directors or officers a person who was a director or officer of a Trading Participant whose rights as a Trading Participant has been revoked or currently suspended by the Exchange.
- (h) A duly registered statutory declaration by the directors to the effect that the applicant has not been adjudged insolvent and is of sufficient financial standing.
- (i) A copy and details of a professional indemnity cover or such other insurance policy as may be required by the Exchange.
- (j) Details of all licenses held by the applicant and the procedures in place to mitigate possible conflicts of interest arising from such.
- (k) Copies of its risk manuals, procedures and code of ethics.
- (l) A statement that it does not own, directly or indirectly, or in concert with any associate, any shares in any other Trading Participant of the Exchange and whose shares are not owned, directly or indirectly, or in concert with any Associate, by any other Trading Participant of the Exchange.
- (m) That it has made, or is in the process of making, satisfactory arrangements to comply with the requirements of the Securities Central Depository (SCD), especially with regards to settlement processes.
- (n) Notice of its registered principal place of business.

- (o) Any other information or document that the Exchange may reasonably require for purposes of satisfying itself as to the suitability of the applicant's admission as a trading participant of the Exchange.
- (4) In considering the application to be admitted as a Trading Participant of the Exchange, the Exchange may request for further information and documentation on the application to satisfy itself as to the suitability of the Applicant and shall reserve the discretion to refuse to admit a person as an authorized Trading Participant/representative of a Trading Participant where it is of the opinion that such a person is not a fit and proper person or for any justifiable cause, provided that such a person shall be given a right to be heard.
- (5) Where the Exchange rejects the Applicant's application for admission, it shall provide reasons behind its decision.
- (6) An applicant whose application is rejected shall have a right to appeal in writing addressed to the Chairman of the Board the decision indicating grounds of the appeal within 05 working days from the date of receipt of the notification of rejection from the Exchange.
- (7) On receipt of the appeal, the Chairman of Board shall constitute an appeal committee to reconsider the application and make a decision within 10 working days from the date of receipt of the Appeal. The decision of the committee constituted to review the appeal shall be.
- (8) Where an application is successful, the applicant shall pay the Market Access Fee (Trading Participant) and the Cash Guarantee stipulated under the Guarantee Fund procedures of the Exchange within thirty (30) days from the date of approval of its application by the Exchange.
- (9) As from the date of payment of the Market Access Fee and Cash Guarantee, the applicant shall be duly admitted as a Trading Participant of the Exchange and entitled to all the benefits accorded to Trading Participants and bound by the all the requirements of the Rules, procedures and guidelines of the Exchange
- (10) Where the applicant fails to make payment of the Market Access Fee and/or Cash Guarantee within the thirty (30) day period referred to in sub rule 8 above, the applicant's application shall automatically lapse, unless the Exchange in its absolute discretion extends such period for reasonable cause.
- (11) A Trading Participant shall be required also complete any technology integration with the Exchange's systems within the time period stipulated by the Exchange in the notification of admission as a trading participant.

(12) Every Trading Participant shall register with the Exchange the name under which it is licensed as a broker/dealer by the Authority.

5. Independence of an approved trading participant

No Trading Participant shall directly or indirectly hold a beneficial interest in the shares of any other Trading Participant.

6. Liability of Directors and Officers of a Trading Participant

Any director, manager, or officer of a Trading Participant shall, together with the Trading Participant be liable for any breach, non-compliance, violation or contravention of these Rules if the breach, non-compliance, violation or contravention was committed or caused with the consent or connivance of, or attributable to any neglect on the part of that director, manager, or officer.

7. Traders and authorised representatives of a Trading Participant

- (1) Trading Participants shall have traders registered with the Exchange for purposes of entry /access to the Trading Floor and electronic trading portal of the Exchange.
- (2) The Trading Participant shall ensure that all applicants for registration are fit and proper persons for the responsibility of dealing in securities.
- (3) A Trading Participant is liable for all transactions, acts or commissions made on its behalf by its trader or authorised representative that it employs and shall fulfil such transactions and or obligations arising there from according to these Rules.
- (4) Every approved trader shall observe the Rules of the Exchange and any, procedures and issued by the Exchange there under.
- (5) Upon approval a Trader shall execute transactions under the Trading Participant with whom the trader is employed. Any change of employment should be notified to the Exchange immediately, which shall cancel access rights of the departing trader.
- (6) No Trading Participant shall use an unapproved trader to execute trades and related securities dealings on its behalf.
- (7) The Exchange may investigate the conduct and integrity of any person to be submitted by a Trading Participant for approval as a trader or authorised representative and shall have the discretion to withhold or to withdraw approval at any time for justifiable cause.
- (8) A Trading Participant aggrieved by the decision of the Exchange in this regard may appeal to the Authority.
- (9) Approved Traders shall issued with access credentials for use when accessing the Exchange's Trading platform

(10) **Liability arising from access and use of the Automated Trading Platform**

An approved Trader shall be responsible for the use, safety and security of the access credentials provided by the Exchange and shall immediately notify the Exchange in the event that such credentials are accessed or used by an unauthorised person.

(11) Trading Participant shall notify the Exchange in writing of its authorised representative(s) and shall maintain an up-to-date register of their authorised representatives.

(12) A Trading Participant shall, before appointing a new authorised representative, seek clearance from the Exchange that the authorised representative is not an authorised representative or employee of another Trading Participant or a person who has been blacklisted from participating in the market.

(13) **Liabilities of Trading Participants and their representatives**

A Trading representative is responsible for all acts done or contracts committed by its directors, employees and authorised representatives in its business of dealing in securities.

8. Company name and address

(1) Every Trading Participant shall register with the Exchange the company name under which it carries on the business of dealing in securities and no Trading Participant shall, without the prior notification to the Exchange change the company name so registered.

(2) The company name of a Trading Participant registered with the Exchange shall be the same as the name registered by the Trading Participant under the Uganda Registration Services Bureau.

(3) The Exchange shall, in consultation with the Registrar of Companies, have the power to prohibit any Trading participant from using any company name.

(4) Where the Exchange prohibits the use of any name, it shall give the trading participant concerned reasons for the refusal.

(5) A Trading Participant may register with the Exchange more than one business address held for the purpose of dealing in securities.

(6) If a Trading Participant registers more than one business address, they shall specify one as its principal business address.

(7) In this context, "business address" means a principal place where, other than the trading floor, the business of dealing in securities is frequently carried out by or on behalf of the trading participant.

(8) A Trading Participant shall give not less than 15 calendar days advance notice of commencement and re-commencement of business to the Exchange.

PART III – BROKERAGE

9. Trading Participant (Broker/dealer) notes

All broker/dealers' notes passed between Trading Participants and from Trading Participants to their clients shall have printed or written on them the words-

"SUBJECT TO THE RULES OF THE UGANDA SECURITIES EXCHANGE".

10. Brokerage commission

- (1) Trading Participants shall charge all their clients, on whose behalf they deal, whether as buyer or seller, brokerage commissions as prescribed under the USE Fees Charges and Penalties Rules 2021.
- (2) Trading Participants shall remit the amount stipulated in USE Fees Charges and Penalties Rules 2021.
- (3) The commission shall be inclusive of the clearing fee prescribed by the USE Fees, Charges and Penalties Rules 2021 and the fee payable by the buyer or seller of any listed security prescribed by the Exchange.
- (4) Any Trading Participant who charges less than the stipulated rates of commission shall pay a penalty not exceeding 7.5 currency points in the first instance and is liable to suspension or expulsion in the second instance.
- (5) A Trading Participant shall not share commission, except with an authorised representative or an approved foreign broker subject to a maximum of 50%.
- (6) Except as provided in these Rules sharing or rebating of brokerage by any device or the wrongful use of a broker/dealer's discretion in regard to stipulated rates is prohibited.
- (7) The brokerage commission charged shall be shown on every contract between a Trading Participant and client and net contracts shall not be made.
- (8) All bank charges or expenses incurred on behalf of clients shall be borne by the clients concerned.
- (9) Where a company makes a flotation whether by public issue, rights, offer for sale, placing or tender, and a Trading Participant is appointed a sponsoring broker, the Trading Participant shall be paid a fee, not being brokerage commission, as may be negotiated between the parties concerned; other distribution agents, provided they are approved in respect of that issue shall be entitled to a fee as may be negotiated between the parties concerned.

11. Clearing fee/commission

Every Trading Participant shall pay to the Exchange in respect of business transacted and cleared through the Exchange or other body for the time being authorised by the Exchange with respect to clearing, settlement or other related activities, the fee or charge prescribed by the USE Fees, Charges and Penalties Rules 2021.

12. Due diligence in opening accounts and related transactions

(1) Every Trading Participant is required, through a principal officer, to-

(a) use due diligence to learn the essential facts relative to every client, every order, every cash or margin account accepted or carried by the broker/dealer and every person holding power of attorney over any account accepted or carried by the Trading Participant;

(b) diligently supervise all accounts handled by its appointed representatives;

(c) specifically approve the opening of an account prior to or promptly after the completion of any transaction for the account of or with a client.

(2) The designated principal officer approving the opening of the account shall, prior to giving approval, be personally informed as to the essential facts related to the client and to the nature of the proposed account and shall indicate approval in writing on a document which shall become part of the permanent records of the Trading Participant.

(3) All orders to buy or sell securities shall be in writing and signed by the client.

(4) Every Trading Participant shall-

a. prior to entering into transactions for an account for a corporation, have on file a resolution of the directors of the corporation empowering specific directors and officers to trade in securities in an account on behalf of the corporation and to execute all documentation necessary to effect transfers and assignments in connection with trading in the corporation's account; and

b. prior to accepting orders from a third party for the account for any client other than a client referred to in subrule (4a) have on file a trading authority signed by the client empowering the third party to enter orders on the account.

13. Nominee accounts

(1) Where an agency account is carried by a broker/dealer, its files shall contain the name of the principal for whom the agent is acting and written evidence of the agent's authority to trade; such files shall be made available to the Exchange at any time, on request.

(2) Where estate and trustee accounts are involved or where a spouse is acting as agent for his/her spouse, a broker/dealer shall obtain advice from legal counsel as to the documents that should be obtained before opening the account.

- (3) All client accounts must be identified and designated by the full name of the client and no broker/dealer shall carry a client account designated only by a number or symbol.
- (4) All broker/dealers are required to inform the Exchange of particulars of delinquent nominee accounts.

14. Particulars of clients (KYC Information)

- (1) All particulars related to every client shall be recorded and maintained up to date at the office of the Trading Participant.
- (2) Particulars under subrule (1) shall include the identity card and/or passport numbers, residential address and telephone numbers, occupation and name, address of employer if applicable and all information concerning the client that may be useful in identifying the client, in addition to the particulars prescribed by the Authority.
- (3) Particulars of corporate bodies and other legal entities shall be recorded.

15. Contract notes

- (1) A Trading Participant shall immediately, and not later than the next business day, dispatch by ordinary post or hand delivery to its client a contract note in respect of the purchase or sale of securities executed for and on account of the client.
- (2) A contract note shall include-
 - (a) the name and style under which the broker/dealer carries on business and the address of the principal place at which it carries on business;
 - (b) a statement indicating whether the broker/dealer is acting as agent or principal;
 - (c) the name of the person to whom the broker/dealer is required to give the contract note;
 - (d) the date of the contract, and the date on which the contract note is made out;
 - (e) the quantity and description of the securities that are being acquired and disposed of;
 - (f) except in the case of an exchange, the price per unit of the securities;
 - (g) the amount of consideration payable under the contract or, in the case of an exchange, sufficient particulars of the securities exchanged to identify them;
 - (h) the rate or amount of commission payable in respect of the contract;
 - (i) the amount of stamp duty and registration charges, if any, payable in connection with the contract and, where applicable, in respect of the transfer;
 - (j) the amount of USE and SCD or other Exchange charges;
 - (k) the fee payable to the Authority by the client; and
 - (l) the procedure that the client can invoke in the event that the client has a complaint to make.
- (3) Contract notes, duly stamped, must be sent by the broker/dealer to clients not later than the end of the next business day following the transaction.

16. Statements of account to Clients

- (1) A statement of account shall be sent at least quarterly to each client in whose account there have been recorded any transactions in securities, inclusive of entries such as interest and other charges.
- (2) In addition, statements shall be sent to all clients having open margin or discretionary accounts on a monthly basis.
- (3) Statements shall set out the money balance carried forward, and security position as of the statement date.

17. Payment to Client.

- (1) All payments to clients shall be made out in authorised manner including through the Trading Participant's bank account or banker's cheques.
- (2) Payment to clients shall be made not later than the business day next following the settlement day, less all the fees and charges payable by the client.
- (3) All clearing and other fees payable by a broker/dealer in respect of dealings in marketable securities shall be charged to and paid by the broker/dealer and not passed on to the client.
- (4) The amount deductible from payment to the client under Rule 15(2) (k) shall be remitted to the Authority by the broker/dealer.

18. Trading on own account

- (1) A broker/dealer may deal in securities on its own account.
- (2) All purchases and sales of securities by a broker/dealer for its own account shall be shown under a separate stock account of the broker/dealer and the account shall be available for inspection at any time by the Exchange at its request.
- (3) The broker/dealer stock account shall be operated by a principal officer duly authorised by the broker/dealer's board of directors.

19. Margin Account

- (1) For the purposes of this Rule-
 - (a) "debit balance" means the cash amount owed by a client in the client's margin account before deducting cash deposited by the client as margin;
 - (b) "equity" means the sum of margin and current market value of securities bought or carried in a client's margin account;
 - (c) "margin" means the aggregate amount of cash and market value of securities deposited by a client into the client's margin account, but does not include securities which are bought and carried in the margin account;
 - (d) "marginable securities" means securities permitted by the Exchange to be bought and carried in margin accounts.
- (2) A broker/dealer may extend credit facilities to approved clients for securities transactions subject to the margin account requirements prescribed by the Authority.
- (3) Margin account arrangements must be evidenced in the form of a written agreement executed between the broker/dealer and the client.
- (4) A client who operates a margin account with a broker/dealer shall authorise the broker/dealer to mortgage, pledge or hypothecate the client's securities or property for a sum not exceeding the debit balance in the margin account and without obligation to retain in its possession or control securities of like character: the broker/dealer shall also be given the discretion to sell or dispose of any or all the securities in any manner in order to meet with the prescribed margin requirements.
- (5) The margin deposited by clients with the broker/dealer shall be in the form of cash, securities issued by the Government or its agencies, marginable securities and such other instruments as the Exchange may from time to time prescribe. The initial margin must be deposited with the broker/dealer not later than three days from the first date of securities transaction and shall be such amount that would result in the equity being not less than 140% of the debit balance in the margin account.
- (6) Whenever the equity in a client's margin account falls below 130% of the debit balance, the broker/dealer shall request the client to provide additional margin to bring the equity to not less than 130%. Such additional margin must be satisfied by deposit of cash or marginable securities within three days from the date of notice. The broker/dealer shall not permit any new transactions in the margin account unless the resulting equity in the account would be not less than 130% of the debit balance.

- (7) A Trading Participant shall not permit the equity in a client's margin account to fall below 120% of the debit balance. Once the equity falls below this level, the broker/dealer shall have absolute discretion and without notice to the client to liquidate the margin account including the marginal securities deposited to bring the equity to not less than 130% of the debit balance.
- (8) The Trading Participant shall cause daily review to be made of all margin accounts to ensure that credit is not over-extended beyond the approved facility and that the margin requirements prescribed above are met at all times. For the purpose of computing margin requirements in a margin account, the last done price of the security on the preceding market day shall be used. All transactions done on the same day shall be combined on a transaction date basis and the total cost of purchase or the net proceeds of sale including any commission charged and other expenses shall be taken into account for computing margin requirements.
- (9) The Trading Participant shall require substantial additional margin in account where the securities carried are subject to unusually rapid or violent changes in value, or do not have an active market or have been suspended from trading on the Exchange for more than seven days or where the quantity carried is such that it cannot be liquidated promptly.
- (10) A client may withdraw cash or securities from their account provided that the equity in the client's account does not fall below 140% of the debit balance.
- (11) All securities transactions in a margin account shall be on the regular Trading Board. The margin account shall not be used to subscribe for new issues of securities.

20. Discretionary Account

- (1) "Discretionary account" means an account in which the client gives a Trading Participant discretion which may be complete or within specific limits as to the purchase and sale of securities including selection, timing and price to be paid or received.
- (2) No Trading Participant shall exercise any discretionary authority in respect of a discretionary account unless-
 - (a) the client has given prior written authorization to the broker/dealer to exercise discretion on the account; and
 - (b) the Trading Participant has accepted the discretionary account in accordance with these Rules.
- (3) The authorization given to the broker/dealer shall specify the investment objectives of the client with respect to the particular discretionary account and each authorization or acceptance may be terminated by notice in writing by the broker/dealer or the client, as the case may be.

21. Exposure to a single client

- (1) No broker/dealer shall permit deficits arising from transactions by a single client to exceed 30% of its average adjusted net capital.
- (2) In subrule (1), "deficits" means -
 - (a) the excess of amount owed by the single client in the client's cash account over the market value of all the client's securities held by the broker/dealer as collateral;
 - (b) the amount of margin deficiency in the single client's margin account as determined by minimum margin requirement permitted under Rule 19(6) of these Rules;
 - (c) the amount of unsecured interest charged on amounts owed by the single client; and
 - (d) the amount of unsecured loans and advances granted to the single client.
- (3) In subrule (1) "average adjusted net capital" means the average of adjusted net capital of the three months preceding the previous month and "adjusted net capital" as provided for in Rule 37 of these Rules.

22. Exposure to a single security

- (1) No broker/dealer shall permit its exposure to a single security to exceed 300% of its average adjusted net capital.
- (2) In subrule (1), "exposure to a single security" means -
 - (a) the net amount of the single security underwritten or sub-underwritten by the broker/dealer;
 - (b) the book value of the single security carried in the broker/dealer's own account;
 - (c) the contract value of the single security underlying clients' cash accounts to the extent that they have not been paid for;
 - (d) the amount of credit extended to clients for the purchase of the single security on margin;
 - (e) the amount of interest receivable secured by the single security; and
 - (f) the amount of loans and advances secured by the single security.
- (3) Subrule (1) shall not apply to -
 - (a) securities issued by the Uganda Government or its agencies; and
 - (b) the broker/dealers arbitrage transactions.

23. Trust Accounts

- (1) Each broker/dealer shall establish and keep in a designated bank (s) in Uganda one or more trust accounts, designated or evidenced as such, into which the trading participant shall pay-
 - (a) all amounts (less any commission and other proper charges) that are received from or on account of any person (other than a broker/dealer) for the purchase of securities and that are not attributable to securities delivered to the broker/dealer not later than the next bank business day following the day on which they were received by the broker/dealer; and
 - (b) all amounts (less any commission and other proper charges) that are received for or on account of any person (other than a broker/dealer) from the sale of securities and that are not paid to that person or as that person directs not later than the next bank business day following the day on which they were received by the broker/dealer.
- (2) All amounts received by the broker/dealer for or on account of any person and which are required by subrule (1) to be paid into a trust account shall be retained in the trust account until-
 - (a) paid to the person entitled to them or as such person directs in writing;
 - (b) withdrawn for the purpose of defraying commission and other proper charges;
or
 - (c) paid as otherwise authorised by law.

24. Records

- (1) Every Trading Participant shall maintain records in sufficient detail to show particulars of-
 - (a) all moneys received or paid, including moneys paid to, or disbursed from a trust account;
 - (b) all purchases and sales of securities by persons associated with the broker/dealer and the charges and credits arising therefrom, and the names of the buyer and seller respectively, of each of those securities;
 - (c) all income received from commissions, interest and other sources and all expenses, commissions and interest paid;
 - (d) all assets and liabilities including contingent liabilities of the broker/dealer;
 - (e) all securities that are the property of the broker/dealer, showing by whom the securities, or the documents of title to the securities, are held and, where they are held by some other person, whether or not they are held as security against loans or advances; and

- (f) all securities that are not the property of the trading participant and for which the broker/dealer or any nominee controlled by it is accountable, showing by whom, and for whom the securities or the documents of title to the securities are held and the extent to which they are either held for safe custody or deposited with a third party as security for loans or advances made to the broker/dealer.

PART IV - SUPERVISORY POWERS AND AUTHORITY OF THE EXCHANGE

25. Day to Day management of trading settlement and delivery

- (1) The Exchange shall in put in place such measures and systems as maybe necessary to ensure appropriate day-to-day management of trading, settlement, delivery and other activities carried out by Trading Participants in relation to dealing in securities and to ensure compliance with the rules of the Exchange.
- (2) The measures stated in this Rule 25 above shall include but not limited to:
 - (a) periodic and adhoc inspections,
 - (b) reporting and disclosure guidelines
 - (c) Trainings and certifications
- (3) The Exchange may conduct an investigation into the affairs of the Trading Participant on its own motion or on the directive of the Authority to look into violations or potential violations of any of the Rules and/or the Act.

26. Liability of the Exchange

The Exchange, its employees and its Directors shall not be liable for any bonafide act or omission made in enforcement of these Rules.

27. Resolution of Disputes

- (1) All Trading Participants are obliged to ensure that all disputes arising out of, or in connection with the business of the Exchange are settled amicably.
- (2) A Trading Participant may refer a dispute involving another Participant to the Exchange and the management shall endeavor to achieve an amicable settlement between the parties.

- (3) For avoidance of doubt any dispute arising out of use of the trading floor or automated trading portal or in relation to trading shall be dealt with in accordance with the manner prescribed under the USE Trading Rules.
- (4) In the event that an amicable settlement cannot be reached by management, the conflict shall be referred to the Board of the Exchange which shall endeavor to resolve the dispute in a fair, timely and impartial manner.
- (5) In resolution of conflicts between Trading Participants, the Exchange and the Board shall ensure that all the parties to the conflict are afforded the right to be heard.

28. Sanctions and Penalties

- (1) A Trading Participant who commits an act of misconduct shall be liable for sanctions and penalties prescribed under these Rules.
- (2) Acts of misconduct include, but are not limited to;
 - (a) breach of any of these rules or other rules of the Exchange;
 - (b) failure to comply with a guideline or legitimate directive of the Exchange;
 - (c) any conduct detrimental to the interests of the Exchange or is dishonourable, disgraceful, improper or unbecoming of a Trading Participant;
 - (d) not being open for business on a business day without reasonable cause;
- (3) In instances of serious breaches as determined by the Exchange shall require a written explanation from the Trading Participant to be given within five business days and further require the trading participant to provide the necessary documentation and records to aid the process.
- (4) Where the Exchange determines that a Trading Participant has committed an act of misconduct, any of the following sanctions shall apply against the respective Trading Participant:
 - (a) A private or public censure.
 - (b) The Exchange may require the Trading Participant to take action against its employee or agent for a breach of Rules;
 - (c) A restriction of the Trading Participant's trading limits.
 - (d) A restriction of the Trading Participant trading access for a duration not exceeding 10 working days.

- (e) Order an audit of a Trading Participant the cost of which shall be borne by the Trading Participant before commencement of the audit.
 - (f) A suspension of the Trading Participant subject to the approval of the Authority.
 - (g) A financial penalty as prescribed under the USE Fees, Charges and Penalties Rules 2021.
 - (h) Revocation of a Trading Participants rights and admission as a Trading Participant at the Exchange
- (5) For any sanction imposed by the Exchange on a Trading Participant, the Exchange shall take into consideration the gravity of the offence committed and past conduct of the Trading Participant.
- (6) The Exchange shall inform the Authority of any sanctions imposed against a Trading Participant.
- (7) A Trading Participant shall have a right of appeal against a decision levying a sanction/penalty against it within 5 business days.
- (8) Such Appeal shall be made in writing to and addressed to the Chairman Board of the Exchange
- (9) Upon receipt of the appeal, the Chairman Board shall constitute a committee to hear the Appeal of the Trading Participant and make a decision.
- (10) General Penalties for non-compliance**
Where the Rules are silent on the penalty, a penalty not exceeding 500 currency points shall apply. This Rule does not apply to provisions of these Rules where a specific penalty has been prescribed.

PART V - BUSINESS CONDUCT AND CODE OF ETHICS

29. Adherence to principles of good business practice

Every broker/dealer shall at all times adhere to principles of good business practice and corporate governance in the conduct of its business affairs.

30. Compliance with USE Rules

Each broker/dealer shall ensure that all its floor traders and authorised representative comply with All the Rules, procedures, guidelines of the Exchange as may be amended or issued from time to time.

31. Disclosure of Material information

- (1) The Exchange may require, at any time, that the name, terms of employment, and actual duties of any person employed by a broker/dealer be furnished to the Exchange, together with such other information with respect to the employee as it may deem appropriate to permit it to enforce compliance with the Rules and requirements of the Exchange,
- (2) A Trading Participant shall inform the Exchange of any new material information, change or development with respect to its business. The notifications to be made include, but are not limited to any intention and/or;
 - (a) Change of business name
 - (b) Change of physical address
 - (c) Change of primary contact details
 - (d) Change in control of ownership of the Trading Participant
 - (e) Conduct of any other licensed business activity (outside brokerage services)
 - (f) Resolution to increase or reduce its share capital
 - (g) Appointment, resignation and removal of a director or key personnel

32. Prohibited Transactions

- (1) No business shall be transacted on account of an employee or for an account in which an employee has a direct or indirect interest, except with the prior written consent of an executive director of the broker/dealer in respect of each transaction.
- (2) A trader who ceases to be an employee of a brokerage firm shall have his or her trading rights revoked, and the employer shall immediately notify the Exchange of the change of employment.
- (3) A broker/dealer shall not buy or sell securities for a person employed by another broker/dealer.
- (4) A Trading Participant, their traders and or employees who wish to transact in securities shall give the Exchange notification not less than 48 hours of their intention to do so. Provided always that such notice shall be given on a business day and in the manner prescribed by the Exchange.
 - a) The notice shall be signed by an authorised representative of the trading participant designated by the Firm to approve such notifications "designated approver" and shall specify the counter, number of securities and whether the intention is to buy or sell securities.

- b) Every Trading participant shall notify the Exchange of their designated approver and any change of a designated approver shall immediately be communicated to the Exchange.
- c) A transaction notified to the Exchange under sub rule 4 shall be executed within 05 business days from the date of notification.
- d) Sub Rule 4 shall not apply to government securities purchased through the Exchange from an auction held by the Central Bank

33. Prohibited Employees

A Trading Participant shall not employ in its business a person who is not of good standing and shall ensure that its employees are competent and appropriately qualified to perform their functions and maintain their knowledge and skills at a high level.

34. Prohibited Practice

No broker/dealer shall allow clients or other persons not being its employees or authorised representatives, to use or operate out of its business premises

35. Annual Accounts

Every Trading Participant shall submit to the Exchange, audited annual accounts within three months following the closure of the broker/dealer's financial year and shall publish the said accounts in a manner approved by the Exchange.

36. Monthly returns

- (1) Each Trading Participant shall submit to the Exchange by the fifteenth day of each month statements of assets and liabilities adjusted net capital, and aggregate indebtedness of the immediate prior in the format prescribed by Appendix 5 of these Rules.
- (2) Where a Trading Participant fails to submit the statements required in subrule (1) within the prescribed time, there shall be imposed upon the broker/dealer a penalty of 1.25 currency points for each day that the statements are not submitted, unless an extension of time has been granted. Requests for extension of time must be submitted to the Exchange at least three business days prior to the due date.

37. Adjusted net capital requirement and aggregate indebtedness

- (1) Aggregate indebtedness, which shall be calculated monthly, means the total liabilities of the broker/dealer less-
 - (a) deferred taxes;
 - (b) amounts due to a director or an associate;
 - (c) non-current liabilities fully secured by non-current assets excluded from net capital;
 - (d) any subordinated loans acceptable to the Exchange.
- (2) Adjusted net capital, to be calculated monthly, shall mean the broker/dealer shareholder's funds for carrying out the business of stockbroking and ancillary business less-

- (a) non-current assets and pre-paid expenses;
- (b) unsecured loans and advances included under current assets;
- (c) amounts due from a director or associate included under current assets;
- (d) excess or the book value of securities carried in the broker/dealer's own account over
- (e) market value; and
- (f) deficits in clients accounts, less any provisions for bad or doubtful debts already made.

38. Client confidentiality and conflict of interest

- (1) No Trading Participant shall use the knowledge and information gained from a client in the course of the Trading Participant's business dealings with a client which shall be of a fiduciary nature, for the advancement of the broker/dealer or the broker/dealers associates financial interests whether directly or indirectly.
- (2) In the event of any conflict of interest directly or indirectly between broker/dealer and client, the Trading Participant shall not accept the instructions of the client in relation to the transactions in question, or shall accept such instructions only upon having informed the client of the possible conflict and the client approving the proposed course of action. This provision shall be clearly reflected in the forms filled by the client.
- (3) A Trading Participant shall place all orders in the manner prescribed under the USE Trading Rules 2021 and shall clearly distinguish business transacted for its clients, itself or persons associated with the broker/dealer.
- (4) At all times, the Trading Participant shall first consider the interest of its client and its own interest shall be subordinate to that of the client.

39. Prohibited Market practices and Market Abuse

- (1) A broker/dealer shall avoid any practice which may create a false market and may not directly or indirectly participate in any operation by others which shall have a similar result. Any knowledge gained by a broker/dealer of a transaction which would result in the creation of a false market shall immediately be reported by the broker/dealer to the Exchange. A false market includes a market in which the movement in the price of a security or the level of the price of a security is created by the publication of information which is false, exaggerated or tendentious or is brought about or sought to be brought about by any one broker/dealer or a group of them to deliberately distort the market for financial gain.
- (2) A broker/dealer shall act in compliance with the letter and spirit of these Rules and the Law relating to the securities business and in particular, warn clients where they may be held to be in violation of provisions such as those on insider dealing.
- (3) In the event of the Exchange finding that any quotes placed or about to be placed are disorderly, the broker/dealer shall comply with the order of the Trading Manager to set aside or suspend such quotation.

- (4) A broker/dealer, any of its executive directors or employees shall not deal in securities of a listed company where the broker, its director or any of its employees is a director or officer, without prior authority of the Exchange.

40. Inspections and Investigations

- (1) A broker/dealer shall make available for inspection to any client who so requests, its last audited balance sheet, its fixed scale of charges and the names of directors or principals of its business.
- (2) A broker/dealer shall comply fully with any inquiries or investigations undertaken by the Exchange.

41. Brokers Code of Ethics

Trading Participants shall comply with the Code of Ethics prescribed in Appendix 4 to these Rules.

42. Access to Bank accounts

Every broker/dealer shall execute a Letter of Release to enable the Exchange gain access to its settlement bank accounts in the manner prescribed in Appendix 3 to these Rules.

43. Clients complaints

- (1) Every Trading Participant shall have in operation a procedure for the handling of complaints from its customers.
- (2) All employees of the broker/dealer who deal with customers shall be made aware of these procedures which must provide for-
 - (a) the complaint to be investigated fully and appropriately
 - (b) the complaint to be reported to the Exchange if not settled within seven days of receipt;
 - (c) the notification to the complainant of the right to escalate their complaint to the Exchange
- (3) Each broker/dealer shall maintain a written record of all complaints made by clients.
- (4) The complaints procedure shall be indicated on the transfer forms and the contract note.

PART VI- SUSPENSION OF TRADING RIGHTS AND CESSATION OF ADMISSION AS A TRADING PARTICIPANTS

44. Cessation of admission as a Trading Participant

- (1) A Trading Participant shall cease to be admitted as a Trading Participant of the Exchange where the Participant has ceased to conduct the business activities for which it was admitted.
- (2) A Trading Participant shall also cease to be a Trading Participant of the Exchange where the Authority informs the Exchange that such person no longer holds a valid broker/dealer license in accordance with the Act.

45. Voluntary cessation of Admission

- (1) A Trading Participant that intends to cease the conduct of its business entirely shall give the Exchange and the Authority at least six (06) months prior written notice of its intention to do so.
- (2) A Trading Participant that intends to voluntarily relinquish its trading rights/admission as a trading participant of the Exchange shall do so by making a written application to the Exchange.
- (3) The application shall set forth the reasons for voluntary cessation of admission and a plan showing the steps to be taken to effect the cessation
- (4) The Exchange may postpone the effective date of voluntary cessation of admission as a trading participant and may impose other measures that it considers necessary for the protection of investors, customers or counterparties of the Trading Participants or where the Exchange considers that any matter affecting the Trading Participant should be investigated.
- (5) The Trading Participant shall within thirty (30) days following the date upon which its suspension, expulsion or cessation of business becomes effective return to the Exchange and its subsidiaries any software, equipment and documentation which may have been made available to it by the Exchange.

46. Involuntary cessation of Admission (Revocation of admission)

- (1) A Trading Participant's admission may be revoked by the Exchange under the following circumstances;
 - (a) if it is unable to meet the financial standing requirements set by the Exchange or the Authority;
 - (b) is wound up or placed under receivership;
 - (c) is declared unfit to be a Trading Participant by a court order;
 - (d) has its license revoked or cancelled by the Authority;
 - (e) any of the particulars of information given in the application form for admission contain misrepresentation or omission of material facts;

- (f) any of the particulars or information given in the application form subsequently change and the Trading Participant fails to notify the Exchange of the change resulting in a material misrepresentation or omission of facts.
 - (g) Trading Participant engages in financial crime, market abuse or money laundering.
 - (h) the Trading Participant conducts itself in a manner that puts the reputation of the Exchange and the Authority and the securities market at risk.
 - (i) ceases to exist for any other reason.
- (2) The Exchange shall notify a trading participant of the impending revocation of their admission as a trading participant and give that Trading Participant an opportunity to be heard by an independent Committee constituted by the Board.
- (3) The notification to the affected Trading Participant shall not preclude the Exchange from taking measures to safeguard the interests of the investors and the market while the matter is pending before the committee designated by the Board to hear the matter

47. Process following cessation of admission of a Trading Participant

Where one ceases to be admitted as a trading participant of the Exchange

- (1) An announcement of the cessation of admission by revocation or voluntary cessation of admission as trading participant (whichever the case may be) shall be made by the Trading Participant to all other Trading Participants, investors and the public in at least one (1) daily newspaper of nationwide circulation at a time and frequency as prescribed by the Exchange.
- (2) A Trading Participant who seeks to voluntarily cease admission or who had had their admission revoked shall not have the right to the reimbursement of any fees, dues, assessments, charges or penalties paid by it to the Exchange or the Central Depository, other than the amount deposited with the Exchange as a cash guarantee in accordance with the Guarantee Fund Procedures.
- (3) The Trading Participant shall pay any fees, dues, assessments, charges or penalties in respect of the period preceding its termination as a Trading Participants.
- (4) A Trading Participant shall perform and complete any transactions entered into by it prior to the date of its cessation of business, voluntary deregistration or removal from admission as a Trading Participant.
- (5) The Trading Participant shall within thirty (30) days following the date upon which its suspension, expulsion or cessation of business becomes effective return to the Exchange and its subsidiaries any software, equipment and documentation which may have been made available to it by the Exchange.

48. Suspension of Trading rights

- (1) Where the Exchange suspends trading rights of a participant as a sanction for a misconduct as prescribed under Rule 28:

- (a) All rights and benefits of the suspended trading participant shall cease for the period of suspension.
- (b) The Exchange shall publish in a widely circulating newspaper the suspension of the trading participant, reasons for their suspension and the period for which they are suspended (where specified) at the cost of the suspended trading participant.
- (c) Where a specific remedial action is required to be performed by the trading participant before lifting of the suspension such action shall be confirmed by the Exchange to have been satisfactorily undertaken before lifting of the suspension
- (2) The Exchange shall put in place the necessary measures to safeguard the interests of the suspended trading participants clients and the general public during the period of suspension.
- (3) Upon lifting of the suspension, the Exchange shall publish in atleast one widely circulating newspaper a notification of the lifting of the suspension against the trading participant.
- (4) Prior to their suspension, and upon notification of the decision to suspend the trading participant, the affected trading participant shall be given an opportunity to be heard by a committee constituted by the Board.
- (5) Notification of the affected trading participant shall not preclude the Exchange from taking interim measures to safeguard the interests of investors while the matter is pending before committee constituted by the Board to hear the trading participant.

49. Transfer of Clients

- (1) Where a Trading Participant applies for voluntary cessation of their admission it shall, as part of its cessation plan submitted to the Exchange, include provisions for the transfer of its existing clients to another Trading Participant. The Exchange shall grant a no objection to the proposed transfer of clients after satisfying itself of the capability of the proposed transferee trading participant to seamlessly manage the said transfer.
- (2) In cases of involuntary revocation of admission of a trading participant or where the Trading Participant is unable to make such provisions in sub rule 49.1, the Exchange shall put in place measures for the smooth transfer of the clients to another Trading Participant.

50. Repeal of the USE Rules 2003

- (1) The USE Rules of 2003 are as at the *effective date* of these Rules hereby repealed without prejudice to any action(s) taken, obligation acquired or liability incurred thereunder by the Exchange, any Trading Participant, any listed entity or any person.
- (2) **Effective Date:** These Rules shall be deemed to have come into force effective 1st April 2021.

APPENDIX 1

FORM OF APPLICATION FOR ADMISSION AS A TRADING PARTICIPANT

**The Chief Executive
Uganda Securities Exchange Ltd.
P.O. Box 23552
KAMPALA
Uganda**

Dear Madam/Sir,

We [name of applicant] of [Address] hereby apply to become a Trading Participant at the Uganda Securities Exchange. We hereby agree to abide by the Laws and Regulations governing the Exchange that are in force now or which may hereafter be made from time to time.

We undertake to furnish a Cash Guarantee of the sum as may be prescribed by the Board and undertake that in the event of the Exchange invoking the guarantee, we shall restore it to the original amount within the time specified under and in accordance with the Guarantee Fund Procedures for time being in force.

We enclose herewith the stated application fee for admission and do wholly understand that this fee is not refundable.

We declare that upon admission, we shall;

- a. pay in full the fees from time to time prescribed;
- b. adhere to the all the Rules of the Exchange for the time being in force
- c. Conduct ourselves in a professional, transparent and fair manner.

We confirm that the facts given in the Admission questionnaire completed by us are true and correct and accept that in the case of any statement being false, the Exchange has the right to reject this application or terminate admission if already granted.

Sealed with the common seal of[name of applicant] this Day of.....20....

in the presence of

Director

Director/Secretary

APPENDIX 2- ADMISSION QUESTIONNAIRE

1. Name of the Company (the applicant)

2. Physical and postal address

3. Details of all licenses held

Description of license	Issuing authority	Date of expiry

4. Name and particulars of Principal Officer

Name	Nationality	Address	Professional qualifications

5. Name of Compliance Officer

6. Particulars of directors

Name	Date of birth	Nationality	Profession	Address	Other directorships held

Name and address of auditors

Name and addresses of bankers

Subsidiaries and associated companies

Name of company	Relationship to applicant	%holding

Names and addresses of shareholders

Name	Address	Nationality	Shares held	Beneficial owner of the shareholder, if any

Share capital of the company

Authorized share capital	Issued share capital	Issued and allotted shares	Issued and unallotted shares

7. Has the applicant or any Director or Secretary of the applicant company within the last ten years been -
- a. refused the right or restricted in its right to carry on any trade, business or profession for which a specific licence, registration or other authority is required by law in any place?
 - b. suspended as a Trading Participant of any securities exchange or otherwise disciplined by a securities exchange?
 - c. denied approval as a Trading Participant of any securities exchange?
 - d. known by any name other than the name or names shown in this application?
 - e. had judgment including findings in relation to fraud, misrepresentation or dishonesty given against him in any civil proceedings in Uganda or elsewhere? (If yes, give details).
 - f. declared bankrupt or compounded with or made an arrangement for the benefit of his creditors, in Uganda or elsewhere?
 - g. engaged in the management of any company other than the companies referred to above?
 - h. refused a fidelity or surety bond in Uganda or elsewhere?
8. We certify that the above information is correct to the best of our knowledge and belief.

Attachments

1. A license to operate as a broker or dealer issued by the Capital Markets Authority;
2. Certified copy of the Certificate of Incorporation;
3. Applicant's Memorandum and Articles of Association;
4. Copy of the latest Audited financial statement if applicant has been in existence and trading for more than one year.

**APPENDIX 3
LETTER OF RELEASE**

To: The Manager

.....
.....

Dear Sir/Madam,

ACCOUNT (S): NAME: NO.

.....

We whose name(s) and signature(s) appear hereunder, being the authorised signatory(ies) of the above stated account authorise(s) you to release to the Uganda Securities Exchange, such information/documents on the above account as may be required from time to time by the Exchange. All expenses, costs, commissions, etc as may be incurred by you in dealing with a request for any information/documents aforesaid should be debited against our account-stated hereabove.

This order will remain irrevocably in force until such time as we shall revoke it in writing with the approval of the Exchange.

Yours faithfully,

NAME

AUTHORISED SIGNATORY(IES)

.....
.....

.....
.....

Signed: 1. Director

2. Director/Secretary
 (Sign under company seal of the Company)

Part 3 (Official use only)

This application received on
discussed by the Committee on
.....

Approved/Rejected

Signed: -----

For: **UGANDA SECURITIES EXCHANGE LTD.**

APPENDIX 4- CODE OF ETHICS

Interpretation

1. This code of ethics forms part of these the Rules and binds all Trading Participants their employees and their representatives.

Integrity

2. Trading Participants shall maintain a high degree of honesty, integrity and fairness in the conduct and performance of their business and must avoid any behaviour or practice which may be seen as compromising or deceptive.
3. Trading Participants must at all times act in a manner that preserves the integrity of the market.
4. Trading Participants shall deal with clients, fellow Trading Participants, the Exchange, the Authority, regulatory authorities and the investing public in a professional and disciplined manner.
5. Trading Participants shall not employ unfair means such as the giving of inducements either in cash or in kind to secure business from clients, current or prospective.
6. Trading Participants must neither broadcast, publish nor advertise or cause to be broadcast, published or advertised in any manner, any representation or any implication with intent to create a false market.
7. Trading Participants must refrain from the voluntary public expression of adverse criticism of other Trading Participants, the Exchange or the Authority.
8. Trading Participants must not knowingly deal in stolen securities or aid or abet fraudulent activities in the market.
9. Trading Participants must be vigilant to identify and avoid potential conflicts of interests.

Fairness

10. Trading Participants shall conduct their business in a fair, orderly and transparent manner.

Duty of Care

11. Trading Participants owe their clients a duty of care and must at all times exercise due diligence and act in the best interests of the client.
12. Trading Participants shall conduct their business in a fair, orderly and transparent manner.
13. Trading Participants shall ensure prompt settlement of clients' dues and claims.

14. Trading Participants shall keep separate and distinct, all money received for the purchase and sale of securities by keeping the same in a bank account called the clients' account.
15. Trading Participants shall not withdraw money from the clients' account, except for the purposes of paying clients their dues.
16. Trading Participants shall not use the clients' account to secure overdrafts or their credit facilities.
17. Trading Participants must take reasonable steps to give a client, in a comprehensible and timely way, any information needed to enable the client to make an informed decision.
18. Trading Participants must arrange proper care and protection of assets belonging to clients that are in their custody, including any insurance, as required.
19. Trading Participants must be ready, on request, to provide a client with a full and fair account of the management of their assets.

Confidentiality

20. Trading Participants shall treat clients' particulars confidentially and shall not divulge client details to a third party unless instructed so to do by the Exchange, the Authority, or by order of Court.

Conflict of Interest

21. Trading Participants shall ensure that there is no conflict of interest at all times and that their self interest is subordinated for the good of the market. In cases where this is not possible, a member shall make full disclosure of such interests to the other Trading Participants.

Communication

22. A Trading Participant shall disseminate to other Trading Participants any information that comes into their possession or knowledge which may not be widely available in the market and which has the potential to affect the market sentiment; thereby influencing trading.

Commission

23. A Trading Participant shall at all times charge to his clients and cede to his agents commission as prescribed by the Authority and the Exchange.

Discipline

24. A Trading Participant shall maintain a high degree of discipline in the conduct of business and dealing with other brokers/dealers.

Books and records

25. A Trading Participant shall ensure that they maintain the minimum books and records with full disclosures as prescribed by the Authority and the Exchange.

Market protection

26. Every Trading Participant shall make it their duty to protect the market from any threats both from within and without by taking all necessary precautions and alerting other Trading Participants of existing or perceived threats.
27. Trading Participants shall ensure that no false or misleading information is circulated to the market, and where a member discovers and has reason to suspect that there is such information, the same shall be reported to the Exchange at the earliest opportunity.
28. Trading Participants shall strictly observe good business practice by not creating false market prices to the detriment of the larger interests of all other Trading Participants (brokers/dealers).

Product development

29. Trading Participants have the responsibility to share their vision on the future development of the available products in the market by making useful suggestions and proposals for consideration by other Trading Participants and the industry as a whole.

Market efficiency

30. Trading Participants shall observe strict adherence to the prescribed rules and regulations of delivery and settlement and, whenever possible, make suggestions of how existing procedures and systems can be enhanced to make the market more efficient in its service delivery.

Advertisement and publicity

31. Trading Participants shall conduct their advertisement and publicity campaigns in a fair and honest manner without putting the industry into disrepute or imputing bad character or incompetence on other Trading Participants.

Staffing

32. Trading Participants must be competent and appropriately qualified to perform their functions and they must maintain their knowledge and skills at a high level.
33. Trading Participants shall engage in their employment, proper and fit persons who possess due skills and who are able to exercise care and diligence in handling business matters.
34. Trading Participants shall ensure that all persons in their employ understand and comply with the rules and regulations governing the market.
35. Trading Participants must do due diligence to establish the character of any person before contracting them into their employ.

36. Trading Participants shall not employ or maintain in their employ-
- a. persons against whom criminal charges have been instituted and are ongoing;
 - b. persons who have been convicted of a felony;
 - c. persons who have been adjudged bankrupt;
 - d. persons who have been dismissed by a previous employer on suspicion of fraud; or
 - e. Persons who are shareholders or officers of the Exchange or other broker/dealer firms.

Systems and procedures

37. Trading Participants shall put in place sound systems and internal control procedures in the operations of their business aimed at mitigating against frauds and other bad business practices.

Compliance with standards

38. Trading Participants must comply with any code or set of standards governing their activities in the financial services and investment industry and must observe a high standard of market conduct.
39. Trading Participants shall adhere strictly to the law, both substantive and subsidiary, the Rules of the Exchange and Guidelines issued by the Exchange and or the Capital Markets Authority from time to time.
40. Trading Participants must establish formal and transparent financial reporting and internal control systems to ensure that the conduct of their business complies with the rules and regulations of the market and safeguards their clients' interests.

Disputes

41. Trading Participants shall seek to settle disputes amicably and all disputes shall be reported to the Exchange as soon as they occur. The Exchange must be kept informed of progress made to resolve the same.

Application

42. This Code applies to all Trading Participants, their directors, employees and duly appointed representatives or agents
43. The Trading Participants shall ensure that the provisions of this code of conduct are clearly understood by all staff in their employment ,their agents and representatives acting on behalf of the Trading Participant in any matter concerning the activities of the Securities Exchange.

**APPENDIX 5- MONTHLY RETURNS FORMAT
(Statement of Net Capital and Aggregate Indebtedness)**

**PART I
BALANCE SHEET FORMAT**

A. FIXED ASSETS

I. Intangible Assets.

1. Development costs.
2. Goodwill (1).
3. Other.

II. Tangible assets.

1. Freehold land and buildings.
2. Leasehold land and buildings.
3. Motor vehicles.
4. Office equipment and computers.
5. Fixtures and fittings.
6. Payments on account.
7. Other tangible assets.

III. Investments

1. Loans to and shares in group companies and connected companies.
2. Other listed investments.
3. Other unlisted investments.

B. CURRENT ASSETS

I. Physical stocks.

II. Debtors (2).

1. Trade debtors (3).
2. Other debtors.
3. Amounts due from connected and group companies.
4. Prepayments and accrued income.

III. Investments.

IV. Cash at bank and in hand.

C. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

1. Bank loans and overdrafts.
2. Subordinated loans (4).
3. Other debenture loans.
4. Trade creditors (5).
5. Investments (short positions).
6. Income tax.
7. Amount due to group and connected companies.
8. Other creditors.
9. Accruals and deferred income.

D. NET CURRENT ASSETS (LIABILITIES)

E. TOTAL ASSETS LESS CURRENT LIABILITIES

F. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

1. Bank loans and overdrafts.
2. Subordinated loans (4).
3. Other debenture loans.

4. Trade creditors (5).
5. Income tax.
6. Amounts due to group and connected companies.
7. Other creditors.
8. Accruals and deferred income.

G. PROVISIONS FOR LIABILITIES AND CHARGES

1. Commissions on indemnity terms.
2. Pension and similar obligations.
3. Taxation, including deferred taxation.
4. Other provisions.

H. TOTAL ASSETS LESS TOTAL LIABILITIES

I. CAPITAL AND RESERVES

1. Called up share capital.
2. Share premium account.
3. Partner's or proprietor's capital accounts.
4. Partner's or proprietor's current accounts.
5. Revaluation reserve.
6. Other reserves.
7. Profit and loss account.

NOTES ON BALANCE SHEET FORMAT

1. GOODWILL

Goodwill shall be included only in so far as it was acquired for valuable consideration.

2. **DEBTORS**

The amount falling due after more than one year shall be shown separately for each item included under debtors.

3. **TRADE DEBTORS**

(a) Fees:
Outstanding for more than 30 days. Outstanding for 30 days or less.

(b) Commissions:

Outstanding for more than 30 days. Outstanding for 30 days or less.

(c) Other:

Amount outstanding for more than 30 days. Amount outstanding for 30 days or less.

4. **SUBORDINATED LOANS**

- (a) Long term subordinated loans.
- (b) Short term subordinated loans.
- (c) Committed undrawn subordinated loan facilities.
- (d) Bank undertakings.

5. **TRADE CREDITORS**

- (a) Amounts due to be paid against delivery of securities.
- (b) Amounts due to be paid in respect of securities transactions otherwise than against delivery of securities.
- (c) Other (specify).

PART II

PROFIT AND LOSS ACCOUNT FORMAT

A. DEALING

Gains/losses on principal dealings (trading).

1. Equities.
2. Debt instruments.
3. Units in collective investment schemes.
4. Foreign exchange.
5. Other (specify).

B. REVENUE

I. Commissions on transactions in collective investment schemes.

1. Authorised mutual fund and unit trust schemes.
2. Other (specify).

II. Commissions on securities transactions.

1. Equities.
2. Debt instruments.
3. Other (specify).

III. Investment management fees.

IV. Fee income in respect of financial advice.

V. Company management fee.

VI. Trustee fees.

VII. Interest and dividends.

1. Investment positions.
2. Loan accounts and margin accounts.
3. In respect of balances in customer bank accounts.

4. Other (specify).

VIII. Dealing and settlement services.

IX. Revenue from research and consulting services.

X. Retained underwriting and placing commissions.

XI. Other revenue (specify if material).

C. **EXPENDITURE**

I. Commissions.

1. Paid to staff.

2. Paid to other investment businesses.

3. Other (specify).

II. Salaries and other employment costs (exclusive of commission).

III. Directors' emoluments.

IV. Staff bonuses.

V. Interest charges.

1. Payable to customer in respect of customer's money balances.

2. Other (specify).

VI. Establishment costs.

VII. Communications and marketing.

VIII. Office equipment and services.

IX. Provisions for losses, bad and doubtful debts.

X. Professional charges.

XI. Securities Exchange and clearing house charges.

XII. Regulatory fees and expenses.

XIII. Audit fees (including expenses).

XIV. Miscellaneous office expenses.

XV. Other expenditure (specify if material).

- D. PROFIT OR LOSS BEFORE TAXATION.**
- E. TAXATION.**
- F. PROFIT OR LOSS AFTER TAXATION.**
- G. EXTRA ORDINARY ITEMS.**
- H. PROFIT OR LOSS FOR THE FINANCIAL YEAR**

UGANDA SECURITIES EXCHANGE
Listing Rules 2021

PREFACE

The purpose of these Rules is to set out the requirements for the initial admission of securities to the Official List of Uganda Securities Exchange Ltd, the listing of additional shares, and the continuing listing obligations.

These Rules are divided into seven main parts.

Part I provides for interpretation and definitions of words and phrases used in the Rules.

Part II establishes the mandate of the Exchange in receiving applications to list securities and in considering the suspension and or delisting of securities.

Part III outlines the requirements relating to sponsoring brokers who shall undertake to accept the responsibilities laid out in Schedule 6.

Part IV explains the methods and procedures for bringing securities for listing. The different methods and procedures by which securities may be brought to listing are described, including introductions, placement, offers for sale or subscriptions, rights offers and capitalization issues.

Part V provides for the methods and procedures by which securities may be brought to listing. It spells out the conditions for listing for the three different market segments, main investments market segment, alternative investments market segment and fixed income securities market segment.

Part VI outlines the continuing listing obligations, which an issuer is required to observe.

Part VII are Appendices stipulating the listing disclosure requirements and continuing listing obligations required to be fulfilled by Issuers.

Schedules and Forms are appended to the Rules.

NOTE

It is important to note that Issuers must comply not only with the Listing Rules of the Exchange but with the rules and regulations made under the Capital Markets Authority Act Cap 84 Laws of Uganda, the Companies Act, 2012 and any other statutory requirements.

**UGANDA SECURITIES EXCHANGE
LISTING RULES, 2021**

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PART I - INTERPRETATION AND DEFINITIONS

1. Interpretation

The definitions contained in these Rules apply to the Listing Rules of the Uganda Securities Exchange.

In relation to an Issuer which is not a company, unless the context otherwise requires, reference in these Rules to a company, and expressions appropriate to a company shall be construed as references to the Issuer or to the corresponding persons, places, documents or organs, as the case may be, appropriate to the Issuer.

The definitions in the Capital Markets Authority Act Cap 84, and any regulations made under it, shall apply to these Rules.

2. Definitions

“Allotment Committee” means a committee of the Issuer to oversee allotment of securities together with representatives of the advisors;

“Associated Company” is a subsidiary or holding company;

“Authority” means the Capital Markets Authority as established by the Capital Markets Authority Act Cap 84 Laws of Uganda;

“Board” means the Board of Directors of the Uganda Securities Exchange

“Books Closing Date” refers to the day (including time) set by a company for purposes of determining members for the issue of entitlements;

“borrowing company” means an Issuer with respect to debt securities;

“broker” means a body licensed by the Capital Markets Authority and approved by the Uganda Securities Exchange Limited to carry on the business of buying and selling of securities as an agent for investors, in return for a commission;(interchangeably referred to as a Trading Participant in these Rules)

“capitalisation issue” is an issue of fully paid shares capitalised from the Issuer’s share premium, capital redemption reserve fund or reserves (or combinations thereof) to existing shareholders of the Issuer in proportion to their shareholdings at a specific date;

“Chief Executive” means the Chief Executive Officer of the Uganda Securities Exchange Limited;

“commercial paper”	refers to a debt instrument with a maturity of less than one year;
“Committee”	means a committee of the Board of the Exchange constituted and assigned to consider applications for listing of securities submitted to the Exchange.
“Companies Act”	refers to the Companies Act, Cap110 (of 2012) of the Laws of Uganda and any amendments thereto;
“corporate bond”	refers to a debt instrument with a maturity of one year or more issued by a corporation;
“cross listing	refers to the listing or intended listing of a security on the Exchange, which security is already listed on another stock exchange;
“currency point”	is equivalent to Uganda Shillings twenty thousand;
“day”	refers to a business day;
“de listing”	means the removal of a security from the Official List of the Exchange;
“depository receipt”	refers to a negotiable security that generally represents a company’s publicly traded equity or debt;
“equity securities”	means shares, rights or interests (whether described as units, shares or otherwise) and rights or options to subscribe for any of the shares, rights or interests;
“Exchange”	means the Uganda Securities Exchange Limited;
“fiscal agent” “guarantor”,	refers to the Bond Issuer’s financial agent; used in relation to a borrowing company, means an entity that has guaranteed or has agreed to guarantee the repayment of any money received or to be received by the borrowing company;
“introduction”	is a method of bringing securities to listing not involving an issue of new securities or any marketing of existing securities, subject to compliance with the condition of listing in the relevant market segment;

“Investment Portfolio”	includes securities, mortgage contracts, property contracts, pension contracts, insurance contracts, leasehold contracts, certificates of interest and any variations or derivatives thereof, whether or not managed by a professional manager;
“Issuer”	is a Government, a body corporate incorporated in or established under the laws of Uganda or other legal entity whose securities are either listed on the Uganda Securities Exchange or are subject of an application for listing;
“listed”	means admitted to the Official list of the Exchange;
“loan securities”	include debentures or debenture stocks, secured or unsecured, within the meaning of the Companies Act, securities of the Government of Uganda, securities guaranteed by the Government of Uganda, municipal bonds and corporate bonds;
“material contract”	is any contract the details of which would be necessary for the purpose of making an informed assessment of the financial position and prospects of the Issuer;
“material information”	refers to any information that may affect the price of an Issuer’s securities or influence investment decisions. Every Issuer, whose securities are traded on or subject to the rules of the Exchange, shall disclose any such information. Material information includes- <ul style="list-style-type: none"> a) a merger, acquisition or joint venture; b) a block split or stock dividend; c) earnings and dividends of an unusual nature; d) the acquisition or loss of a significant contract e) significant new product or discovery; f) a change in control or significant change in management; g) call of securities for redemption; h) the public or private sale of a significant amount of additional securities i) the purchase or sale of a significant asset; j) a significant labour dispute; k) a significant law suit against the Issuer; l) establishment of a programme to make purchases of the Issuer’s own shares; m) a tender offer for another Issuer’s securities; or n) any other peculiar circumstances that may prevail with respect to the Issuer or the relevant industry;

“offer for sale”	is an invitation to the public, by or on behalf of, a third party to purchase securities of the Issuer already in issue or to be issued and may be in the form of an invitation to tender at or above a stated price;
“offer for subscription”	is an invitation to the public by, or on behalf of, an Issuer to subscribe for securities of the Issuer not yet in issue or allotted, and may be in the form of an invitation to tender at or above a stated price;
“offeree company”	in relation to a take-over scheme or take-over offer means a listed company with shares in which the scheme or offer relates;
“offeror”	in relation to a take-over scheme or take-over offer means the company or an associated company by or on behalf of which any take-over under the scheme, or take-over, is made and includes natural persons and all bodies corporate or unincorporated, whether incorporated or carrying on business in Uganda or not, but does not include a company that holds shares carrying more than fifty per cent voting rights in the offeree company; or any person who makes an offer which would result in such person acquiring effective control over a company that holds shares carrying more than twenty five per cent voting rights in the offeree company;
“Official List”	means the register of listed securities maintained by the Exchange;
“Practice Notes”	means instructions issued by the Committee to supplement listing requirements for a particular security;
“prospectus”	means any prospectus, notice, circular, advertisement or other invitation, offering to the public for subscription or purchase any securities of an Issuer;
“public shareholder”	is a shareholder that is not a "substantial shareholder" and is not for the time being a director or close relation of a director of the Issuer or the Issuer's associated companies;
“rights offer”	is an offer to existing shareholders of securities to subscribe for or purchase further securities in proportion to their holdings made by means of the issue of a renounceable letter or other negotiable document which may be traded (as “nil paid” rights) before payment for the securities is due;

“ruling price”	means the closing price at the last trading session at which that security was traded before the day on which an announcement is made;
“scrip dividend”	refers to bonus (or capitalisation) shares which a shareholder elects to receive in lieu of all or part of a cash dividend where the shareholder is given the right to make such an election;
“securities”	means- <ul style="list-style-type: none"> a) debentures, stocks or bonds issued or proposed to be issued by a government; b) debentures, stocks or bonds issued or proposed to be issued by a body corporate; c) any right, warrant, option or futures in respect of any debenture, stock, shares, bonds, notes or in respect of commodities; or d) any instruments commonly known as securities, excluding bills of exchange, promissory notes or certificates of deposits issued by a bank or financial institution licensed by the Bank of Uganda;
“share”	means a share in the share capital of a body corporate and includes stock except where a distinction between stocks and shares is express or implied;
“sponsoring broker”	means a trading participant appointed by an Issuer in accordance with rule 10 (1) and (2);
“subsidiary company” -	a company shall be deemed a subsidiary company of another if that other company either- <ul style="list-style-type: none"> a) is a member of it and controls the composition of its board of directors; or b) holds more than half in nominal value of its equity share capital; or c) the first-mentioned company is a subsidiary of any company which is that other’s subsidiary; d)
“substantial shareholder”	means any shareholder entitled to exercise or who controls the exercise of fifteen per cent or more of the voting power at any general meeting of the company or one who is in a position to control the composition of a majority of the board of directors of the company.
“Trading Participant”	means a person licensed by the Authority to carry on the business of buying, selling, dealing, trading, underwriting, or retailing of securities and is admitted by the Exchange as a Trading Participant under its Rules.

“Underwriting”

means the purchase or commitment to purchase or distribute, by dealers or other persons, an issue or offer of securities.

PART II – LISTING, SUSPENSION AND DELISTING OF SECURITIES LISTINGS AND MEMBERSHIP COMMITTEE

Explanatory notes

This Part sets out the mandate of the Exchange in listing, suspending and de listing a security.

Suspension by the Exchange

Voluntary Suspension

Lifting of Suspension

De listing by Exchange

Voluntary De-listing

Mandate to Censure and Penalise

Mandate to List, Suspend and De-list a Security.

3. Application to list Securities

An Application to list securities shall be made to the Exchange in the manner prescribed under these Rules.

4. Involuntary suspension

- 1) The Exchange may, subject to the provisions of the Capital Markets Authority, Act Cap 84 , if it is of the opinion that it is desirable to do so in the interests of market fairness, transparency or efficiency or if the Issuer has failed to comply with the Listing Rules, suspend a listing of securities for a period specified in the suspension notice issued. It may impose such conditions as it may in the circumstances deem appropriate for the lifting of such suspension for such period at a time as shall be determined.
- 2) The Exchange shall suspend any listed securities where an Issuer is placed under liquidation, statutory management, receivership or any other analogous process.
- 3) When a listing is suspended and the Issuer fails to take the required action to obtain the restoration of the listing within the time provided, the Exchange may terminate the listing(de-list).
- 4) The suspension procedure shall be as follows-
 - a. Following a decision to suspend listed securities the Exchange shall notify the Authority within 3 hours attaching a press release.
 - b. The Exchange shall post a notice regarding the suspension at the Trading Floor/ electronic trading platform.
 - c. The Exchange shall notify the Issuer of the suspension and the reasons for it; and
 - d. The suspension notice shall include a clause warning the Issuer of the likelihood of delisting if the issuer fails to comply with the listing conditions during the determined period of suspension.

5. Voluntary suspension

- 1) The Exchange may grant a request for suspension of any listed securities in the following circumstances-
 - a. Where an Issuer is, in the opinion of its Board likely to be placed under liquidation, statutory management, receivership or any other analogous process.
 - b. In the event of a restructuring scheme of the Issuer.
 - c. Where a request for suspension has been made by the Issuer for justifiable cause.
- 2) A request for suspension shall be made by the Board of the Issuer in writing.
- 3) The suspension procedure shall be as follows-
 - a) The Issuer shall notify the Exchange within 3 hours of the Board's decision, during non-trading hours;
 - b) The Exchange shall immediately notify the Board;
 - c) The Exchange shall notify the Authority in writing within 3 hours;
 - d) The Board or its designated Committee shall meet expeditiously to consider the application
 - e) The Exchange shall notify the Authority in writing within 3 hours attaching a press release;
 - f) The Exchange shall post a notice regarding the suspension at the Trading Floor/ electronic trading platform;
 - g) The Exchange shall notify the Issuer of the approval of the application for suspension and reasons therefore;
 - h) Suspension notice shall include a clause warning the issuer of the likelihood of delisting if the issuer fails to comply with the listing conditions during the determined period of suspension.
- 4) If an Issuer's securities are suspended, it shall-
 - a) Continue to comply with all the continuous listing obligations applicable to it, unless expressly exempted from doing so by the Exchange in writing;
 - b) Submit to the Exchange, a progress report pertaining to the current state of the affairs of the Issuer and any proposed action by the Issuer; and
 - c) If the Issuer is suspended for more than three months, advise its shareholders on a quarterly basis concerning the current status of the affairs of the Issuer and any proposed action by the Issuer, including the expected date on which the suspension is to be lifted.

6. Lifting of suspension

The following procedure shall apply where the lifting of suspension is required by the Issuer-

- a) The Issuer shall apply to the Exchange demonstrating that it has complied with the conditions for lifting of the suspension;
- b) The Exchange shall review the request of the Issuer and determine whether the suspension should be lifted;

- c) The Issuer shall be informed of its reinstatement by the Exchange and a public statement of the lifting of suspension and restoration of securities issued; and
- d) a notice of the reinstatement of the Issuer shall be sent to the Authority.

7. Involuntary delisting

- 1) Failure of the issuer to satisfy conditions for listing within the period determined by the Exchange shall result in the securities of the issuer being delisted.
- 2) The Exchange shall de-list the Issuer subject to the approval of the Authority, and issue a public statement on the delisting of the security.

8. Voluntary delisting

- 1) An Issuer may make a written application to the Exchange for a delisting of its securities from the Official List stating from which time and date it wishes the delisting to be effective; provided that the listing of such securities shall first have been suspended in accordance with the preceding provisions.
- 2) The Issuer shall annex to the application, a comprehensive announcement stating the details of and reasons for the request for delisting.
- 3) The Exchange may, upon being satisfied that the announcement contains sufficient disclosure, grant the request for delisting subject to the approval of the Authority and shareholders in the General Meeting. Shareholders' approval shall be considered excluding the vote of any substantial shareholder, or as determined by the Exchange in its sole discretion.
- 4) Shareholders' approval for delisting and an announcement need not be sent to the holders of securities to be delisted-
 - a) where, following a take-over offer, the securities have become subject to laws governing takeovers, mergers and substantial acquisition of shares, and notice has been given by the offeror of its intention to cancel the listing of these securities in the circumstances in the initial offer or any subsequent circular sent to the holders of the securities; or
 - b) upon or following the completion of any transaction in connection with which a circular has been sent to holders of the securities containing notice of the intention to terminate the listing of the securities on or after the completion of the transaction, provided that the date for cancellation of the listing is not less than 20 days after the date of issue of the relevant circular.

9. Mandate to censure and penalise

- 1) If the Exchange considers that an Issuer has contravened the Listing Rules in any way, it may (without derogating from its mandate to suspend and/or delisting an Issuer), censure that Issuer by way of a written warning or a penalty, not exceeding 200 currency points.

- 2) All penalties from listed companies shall be paid to the Exchange.
- 3) The Exchange shall impose penalties as provided in the USE Fees, Charges and Penalties Rules 2021.
- 4) Any person aggrieved by the decision of the Exchange may appeal to the Authority.

PART III - SPONSORING BROKERS

Explanatory notes

This section sets out the requirements relating to the Sponsoring brokers who shall undertake to accept the responsibilities laid out in Schedule 6.

Appointment

Responsibilities of the Sponsoring broker

Professional Misconduct by a Sponsoring broker

Communication through a Sponsoring broker

10. Appointment

- 1) An Issuer shall appoint one or more sponsoring brokers from the Trading Participants of the Exchange when seeking listing of its securities on the Exchange and shall inform the Exchange in writing of the appointment.
- 2) Where more than one sponsoring broker is appointed, the Issuer shall state which sponsoring broker has lead responsibility, as well as how responsibility is to be allocated for any specific application for listing which requires the production of listing particulars and the continuation of the sponsors' engagement.
- 3) An additional sponsoring broker shall be appointed-
 - a) where the sponsoring broker is a subsidiary or an associate of the Issuer;
 - b) where a director of the sponsoring broker is an officer of the Issuer, its subsidiary, or associate;
 - c) in any other instance where there is a possible conflict of interest.
- 4) Where an additional sponsoring broker is required under subrule (3), the additional sponsoring broker shall be the lead sponsoring broker of the Issuer.
- 5) The Issuer shall advise the Exchange in writing, and copy to the Authority, of the appointment or dismissal of any sponsoring broker within 24 hours of such event taking place.
- 6) Where a sponsoring broker is dismissed, the Issuer shall, within 20 days from the date of dismissing such broker, appoint a new sponsoring broker.

11. Responsibilities of a sponsoring broker

- 1) The sponsoring broker shall make a declaration to the Exchange as provided for in Schedule 6 to these Rules, to accept the responsibilities of a sponsor and discharge those responsibilities at all times to the satisfaction of the Exchange.

- 2) The responsibilities of a sponsoring broker shall include the following-
 - a) To submit to the Exchange as soon as possible and, in any event, no later than the date on which any documents in connection with the Issuer are submitted i.e. a letter of appointment and a declaration in the form set out in Schedule 6;
 - b) To present the application for admission to listing to the Exchange;
 - c) To provide to the Exchange any information or explanation known to it in such form and within such limited time as the Exchange may reasonably require for the purpose of verifying whether the Listing Rules are being and or have been complied with by it or by an Issuer;
 - d) To facilitate, as necessary, communication between the Issuer and the Exchange;
 - e) To submit all documentation required in terms of Schedule 1 to Schedule 8, to the Exchange;
 - f) To ensure that the Issuer is guided and advised as to the application of the Listing Rules;
 - g) To ensure the correctness and completeness of all documentation submitted to the Exchange and the Authority;
 - h) To carry out any activities incidental to the application requested by the Exchange in relation to the listing, including briefings;
 - i) To give a return of total subscriptions after the issue;
 - j) To discharge its responsibilities with due care and skill.

12. Professional misconduct by advisers

- 1) Where the Exchange finds that the sponsoring broker is in breach of its responsibilities under the Listing Rules, it shall take such action as may be prescribed under the USE Trading participant Rules 2021.
- 2) In case of professional misconduct by advisers, including the sponsoring broker, the Issuer shall immediately inform the Exchange and the Authority.

- 3) A Trading Participant aggrieved by the decision of the Exchange may appeal to the Authority.

13. Communication through sponsoring broker

- 1) All correspondence by an Issuer with the Exchange shall be effected through the sponsoring broker and the sponsoring broker shall be present at all meetings between the Issuer and the Exchange.
- 2) The sponsoring broker shall, if requested by the Exchange be present at all formal discussions held by the Exchange regarding an Issuer.
- 3) The Exchange may directly communicate with the Issuer, with copies to the sponsoring broker.
- 4) Without prejudice to the provisions of this rule, the Exchange may where it is deemed necessary, communicate directly with the Issuer or with an adviser of the Issuer, in addition to its sponsoring broker, to discuss either matters of principle, which may arise prior to the submission of draft documents, or the interpretation of the Listing Rules.

PART IV - METHODS AND PROCEDURES FOR LISTING SECURITIES ON THE EXCHANGE

Explanatory Notes

This section describes the different methods and procedures by which securities may be brought to listing.

Introductions

Offers for sale or subscription

Additional Issues

Capitalisation issues

Scrip Dividend

14. Methods open to applicants without equity shares already listed

Applicants without equity shares already listed on the Exchange may bring securities to listing by any of the following methods-

- a) an offer for sale;
- b) an offer for subscription;
- c) an introduction; or
- d) such other method as may be accepted by the Exchange either generally or in any particular case.

15. Methods open to applicants with equity shares already listed.

Applicants with equity shares already listed on the Exchange may bring securities to listing by any of the following methods-

- a) an offer for sale;
- b) an offer for subscription;
- c) a rights issue;
- d) capitalisation issue (or bonus issue) in lieu of dividend or otherwise;
- e) such other method as may be accepted by the Exchange either generally or in any particular case.

Offer for Sale and Subscription

16. Specific requirements

- 1) The Issuer shall submit its application and prospectus to the Exchange and attach written approval of the Authority.
- 2) The time frame shall be as follows-
 - a. the Issuer submits its application and prospectus for admission to the Official List of the Exchange; and the Exchange shall submit its comments and opinions to the Issuer within 15 business days of receipt of the application;
 - b. The Issuer shall respond to issues raised by the Exchange within 5 business days;
 - c. The Exchange shall, if satisfied with the response, send a letter to the Sponsoring Broker, with a copy to the Issuer stating that the application is complete; and
 - d. The Exchange shall issue a letter of admission of the securities to the Official List of the Exchange.

17. Cross listing

- 1) The procedure for cross listing shall be as follows-
 - a. Only those Issuers meeting the eligibility criteria for the Main Investment Market Segment or equivalent segment in their home market shall be eligible to be admitted to the Main Investment Market Segment of the Official List and shall be allowed to cross list;
 - b. All applications for cross listing shall be accompanied by a prospectus;
 - c. A draft prospectus shall be sent by the sponsoring broker to the markets of prior listing;
 - d. The Authorities and Exchanges of those markets shall respond within ten business days with a confidential report on the applicant and a “Letter of No Objection”, or otherwise, addressed to the Exchange;
 - e. All applicants must comply with the Main Investment Market Segment provisions of these Rules.
 - f. An applicant for cross-listing shall be required to provide such float that provides such liquidity as may be deemed reasonable and agreed to by the Exchange.

- 2) On receipt of written approval from the Authority, the Exchange may admit the shares.

18. Over-subscriptions

In the event of an over-subscription, the formula for the allotment shall be calculated in such a way that persons within the same category of applicants are treated in a fair and equal manner with regard to their applications.

19. Introduction

- 1) In the case of an introduction, the issuer must comply with the conditions for listing set out in this Part V and Appendix 1(b) of these Rules.
- 2) An Applicant for listing by introduction shall comply with the conditions and procedures required for listing a security on the Exchange and shall meet the eligibility criteria for listing on the Main Market Segment (MIMS)

20. Rights issues

In the case of a rights issue, the Issuer must submit an information memorandum with details as prescribed under Schedule 2 Part II of these Rules.

21. Underwriting

- 1) A rights offer need not be underwritten.
- 2) Where it is not underwritten, the rights offer shall be conditional upon the minimum subscription being received that shall fulfil the purpose of the rights offer.
- 3) The offer document shall contain a statement, in a bold typeface, that the offer is conditional upon the minimum subscription stated in the offer document, being received and that in the event of the minimum subscription not being received, any purchaser of the rights shall have no claim against the Exchange, the Issuer (including its directors, officers and advisers) or the seller of the letter.
- 4) If the offer is underwritten, it shall be so disclosed in the prospectus and the the underwriter shall satisfy the Exchange that it can meet its commitments.
- 5) Any underwriting commission paid to a shareholder of the Issuer must be disclosed.
- 6) Any underwriting commission paid to a shareholder of the Issuer should not be above the current market rate payable to independent underwriters.

22. Renounced rights

In respect of applications for excess securities, the pool of excess securities should be allocated equitably, taking cognisance of the number of securities held by the shareholder (including those taken up as a result of the rights offer) and the excess securities applied for by such shareholder.

23. Scrip dividend

In the case of a scrip dividend, the Issuer shall be required to provide to the Exchange, and shareholders with-

- a. A statement of the total number of shares that would be issued if all eligible shareholders were to elect to receive shares in respect of their entire shareholdings, and the percentage which that number represents of the equity shares in issue;
- b. Details of equivalent cash dividend forgone to obtain each share or the basis of the calculation of the number of shares to be offered in lieu of cash;
- c. A statement of total cash dividend payable;
- d. A statement of the date for ascertaining the share price used as a basis for calculating allocation of shares; and
- e. The last date for lodging notice of participation or cancellation.

PART V - CONDITIONS FOR LISTING

Explanatory notes

This section sets out the conditions for listings.

Preface

Introduction

Conditions applicable to all markets Requirements for Listing on the Main Investment Market Segment (MIMS)

Requirements for Listing on the Growth Enterprise Market Segment

Requirements for Listing on the Fixed Income Securities Market Segment (FISMS)

Market Segments of the Uganda Securities Exchange

The Official List of the Uganda Securities Exchange is categorized into three different market segments. The segments have different eligibility and listing criteria.

These market segments are-

- a. Main Investment Market Segment (MIMS);
- b. Growth Enterprise Market Segment (AIMS); and
- c. Fixed Income Securities Market Segment (FISMS).

Main Investment Market Segment (MIMS)

This is the main quotation market segment with stringent eligibility, listing and disclosure requirements.

Growth Investment Market Segment (GEMS)

This market segment provides capital to small-to- medium size high growth companies that do not meet eligibility requirements of MIMS, and is meant for institutional and high net worth investors.

Fixed Income Securities Market Segment (FISMS)

Provides a separate market for Government bonds, corporate bonds, commercial paper, preference shares, debenture stocks and any other fixed income instruments.

Requirements for Listing Applicable to all Market Segments

24. Approval of the Authority

No securities shall be approved for listing on the Exchange without the written approval of the Authority.

25. Directors and Senior Management

- 1) The directors and senior management of an Issuer shall collectively have appropriate expertise and experience for the management of the Issuer's business.
- 2) Details of such expertise and experience shall be disclosed in listing particulars prepared by the Issuer.
- 3) An Issuer shall submit to the Exchange before listing, a director's declaration in the form specified in Appendix 1 paragraph 1(3), Appendix 2 paragraph 1(3) and Appendix 3 paragraph 1(2).

26. Financial information

- 1) The financial statements shall be drawn up in accordance with the Issuer's national law and shall be prepared and independently audited in accordance with International Accounting Standards, unless the Exchange otherwise allows.
- 2) The auditors shall have reported on the financial statements without any qualification, which, in the opinion of the Exchange, is significant for the purposes of listing.
- 3) Any profit forecast of an Issuer shall be accompanied by a report of the Issuer's auditors or reporting accountants.

Provisions Relating to Securities

27. Status of securities

- 1) The securities for which a listing is sought shall be issued in conformity with the law of the Issuer's country of incorporation or establishment and in conformity with the Issuer's memorandum and articles of association or other constitutive document and all authorisations needed for their creation and issue under such law or documents shall have been duly given.
- 2) No application shall be considered until the memorandum and articles of association or other constitutive document of the Issuer or, if applicable, the Debenture Trust Deed have been received by the Exchange.

- 3) Where a new Issuer already has securities listed on another stock exchange, it shall be in compliance with the requirements of that exchange and the relevant laws of that country.

28. Transferability of securities

The securities for which listing is sought shall be paid up and freely transferable.

29. Convertible securities

- 1) In addition to any other Listing rules affecting convertible securities, the Exchange shall not grant a listing for convertible securities unless there are sufficient unissued securities in the Issuer's authorised capital into which the convertible securities could convert at the time such convertible securities are issued.
- 2) The Issuer shall further undertake to the Exchange that it shall at all times maintain sufficient unissued securities to cater for the eventual conversion.

30. Undertakings

- 1) An Issuer shall give a general undertaking, complying with Appendix 1 paragraph 1(3), or Appendix 2 paragraph 1(3) or Appendix 3 paragraph 1(2), to the Exchange in the form of a resolution of directors certified by its chairman, that it shall comply with the Listing Rules and the rules of the Exchange as amended from time to time in so far as they are applicable to the Issuer.
- 2) While a company remains on the Official List, it is required to comply with the continuing listing obligations in terms of Part VI and Appendix 4 of these Rules.

31. Public shareholders

- 1) Securities shall not be regarded as being held by the public if they are beneficially held, whether directly or indirectly, by-
 - a. The directors of the Issuer or of any of its subsidiaries;
 - b. An associate of a director of the Issuer or of any of its subsidiaries;
 - c. The trustees of any employees' share scheme or trust settlement or pension fund established for the benefit of any director or employees of the Issuer and its subsidiaries;
 - d. Any person who, by virtue of any agreement, has a right to nominate a person to the board of directors of the Issuer; or

- e. Any person who is interested in 10% or more of the securities, unless the Exchange determines that, in all the circumstances, such person can be included in the public.
- 2) Notwithstanding subrule (1) of this rule, securities shall be regarded as being held by the public if any person who is interested in 10% or more of securities-
 - a. is a fund manager or portfolio manager managing more than one fund or portfolio, where each fund or portfolio is interested in less than 10% of the relevant securities; provided that this exemption shall not apply where the fund or portfolio manager is, in relation to any such fund or portfolio, acting in concert with any person who holds relevant securities which, together with those held by the fund or portfolio in question, represent 10% or more of the relevant securities;
 - b. is the registered holder of securities which are the subject of a depository receipt programme and no depository receipt holder, together with any person with whom they may be acting in concert, holds depository receipts representing 10% or more of the securities concerned, save where the holder is a fund or portfolio manager as contemplated in paragraph (a);
 - 3) The Exchange may, in its sole discretion, require an Issuer to provide it with a declaration that, to the best of the information, knowledge and belief of the directors, none of the shareholders holds shares as a nominee for any other person.
 - 4) Notwithstanding the requirements in the Listing Rules, the Exchange may, in its overriding discretion, grant a listing to an Issuer which does not fulfil the requirements set out below or refuse a listing to an Issuer which does comply with the Listing Rules on the ground that, in the Exchange's opinion, the grant or refusal of the listing is in the interests of the investing public.
 - 5) Any person aggrieved by the decision of the Exchange under subrule (4) shall appeal to the Authority.
 - 6) Issuers shall, as soon as they become aware, notify the Exchange, through the sponsoring broker, of any matter or unusual feature relating to the listing not specifically provided for in the Listing Rules.

32. Requirements for listing on Main Investment Market Segment (MIMS)

- 1) For an Issuer to be considered for listing on this segment-
 - a. The Issuer shall be a company limited by shares and incorporated or registered under the Companies Act 2012 as a public limited liability company, or if it is a foreign company, it shall be registered under the relevant provisions of the Companies Act;
 - b. The Issuer shall have a minimum authorised, issued and fully paidup share capital of 50,000 currency points and net assets of 100,000 currency points before the public offering of shares; and
 - c. The Issuer shall have published audited financial statements for a period of at least 5 years complying with International Accounting Standards for an accounting period ending on a date not more than six (6) months prior to the proposed date of the offer.
- 2) Where more than six months have elapsed since the issuer's last accounting period for which audited financial statements have been prepared, then the issuer shall prepare a set of un-audited financial statements in accordance with International Accounting Standards, for the period ending not longer than three months from the date of the offer.
- 3) The Issuer shall have prepared financial statements for the latest accounting period on a going concern basis.
- 4) At the date of application, the Issuer shall not be in breach of any of its loan covenants.
- 5) As at the date of the application and for a period of at least 2 years prior to the date of the application, no director of the Issuer-
 - a) may be or may have been adjudged bankrupt and subsequently been discharged, or any winding up petition pending threatened against it (for bodies corporate);
 - b) May have, in the 10 years prior to the date of the application, been convicted of a felony; or
 - c) may have been the subject of any ruling of a court of competent jurisdiction or any governmental body that permanently or temporarily prohibits him or her from acting as a director of a public Issuer.
- 6) The Issuer shall have declared positive profits after tax attributable to shareholders in at least three of the last five completed accounting periods immediately prior to the date of the offer.

- 7)
 - a. Immediately following the public shares offering, at least 20% of the shares shall be held by not less than 500 public shareholders excluding the employees and Directors of the Issuer. Provided that in exceptional circumstances, a lower percentage may be accepted by the Exchange where the amount of securities of the same class and the extent of their distribution would enable the market to operate properly with a lower percentage.
 - b. Where the Exchange waives the requirement for a Company to list with float below 20% threshold such Company (Issuer) shall have up to a maximum of 3 years within which to meet the requisite float threshold.
- 8) If an Issuer wishing to be listed is subject by law to the regulations of any regulatory authority, the Issuer shall obtain a letter of no objection from the relevant regulatory authority.
- 9) Issuers shall comply with the requirements of Appendix 1 which sets out the detailed disclosure requirements.

33. Requirements for listing on the Growth Enterprise Market Segment (GEMS)

An applicant seeking to list on the Growth Enterprise Market Segment shall meet the eligibility criteria and comply with the application procedure prescribed in the USE Growth Enterprise Market Segment Rules 2012.

34. Requirements for listing on the Fixed Income Securities Segment (FISMS) other than government bonds

- 1) The Issuer shall be a company, a government, a local government or any other body corporate.
- 2) The Issuer shall have net assets of 100,000 currency points before the public offering of the securities. In the event that the Issuer does not meet these net assets requirements, the Issuer shall obtain a guarantee from a bank or other financial institution acceptable to the Exchange.
- 3) The Issuer shall have published audited financial statements for a period of three years complying with International Accounting Standards for an accounting period ending on a date not more than six (6) months prior to the proposed date of the offer.
- 4) If more than six (6) months shall have elapsed since the Issuer's last accounting period for which audited financial statements were prepared, the Issuer shall prepare a set of un-audited financial statements in accordance with International

Accounting Standards for the period ending not longer than three months from the date of the offer.

- 5) If an offer is made more than six months after the last audited financial period, the applicant shall be obliged to publish un-audited interim financial statements for the period ending not longer than three months before the offer date.
- 6) The Issuer shall have prepared financial statements for the latest accounting period on a going concern basis and the audit report shall not contain any emphasis of matter or qualification in this regard.
- 7) At the date of the application, the Issuer shall not be in breach of any of its loan covenants.
- 8) The Issuer should have made profits in at least two of the last three years preceding the issue of the Commercial Paper or the Corporate Bond. In the event that the Issuer cannot meet this requirement, the Issuer should obtain a guarantee from a bank or other financial institution acceptable to the Exchange.
- 9) An Issuer wishing to issue or list debt securities shall not be insolvent within the meaning of the Companies Act 2012 and any amendments thereto.
- 10) Total indebtedness of the Issuer, including the new issue of the Commercial Paper or the Corporate Bond shall not exceed 400% of the Issuer's net worth (or a gearing ratio of 4:1) as at the date of the latest balance sheet.
- 11) The ratio of funds generated from the operations to total debt the three trading periods preceding the issue shall be maintained at a weighted average of 40% or more.
- 12) The conditions as provided in subrules (10) and (11) shall be maintained as long as the Commercial Paper or Corporate Bond remains outstanding.
- 13) The directors and senior management of an Issuer shall have collectively appropriate expertise and experience for the management of the business. Details of such expertise shall be disclosed in the issue information memorandum.
- 14) The Issuer shall ensure that each director is free of any conflict of interest as provided for under Appendix 3 of these Rules.
- 15) If the Issuer is subject by law to the regulations of a regulatory authority, the Issuer shall obtain a letter of no objection from the relevant regulatory authority or such form of approval that the regulatory authority may deem appropriate.

- 16) Where there is a guarantor and in the event that the guarantor is a bank or an insurance company licensed to operate in Uganda, the consent of the relevant regulatory authority shall be required.
- 17) Where there is a guarantor, the guarantor shall provide the Exchange with a financial capability statement duly certified by its auditors.
- 18) Issuers shall comply with the requirements of Appendix 3 which sets out the detailed disclosure requirements.

35. Procedure for listing of government securities

- 1) The fiscal agent for the Government shall issue to the Exchange, a draft prospectus or letter of offer for each issue showing-
 - a) the name of the Issuer;
 - b) the name and/or number of the issue;
 - c) the total amount of the issue;
 - d) the purpose of the issue;
 - e) the value date of the issue;
 - f) the duration of the issue;
 - g) the redemption date of the issue;
 - h) the minimum price/face value per issue;
 - i) the applicable interest rate;
 - j) the interest payment dates;
 - k) the arrangements for amortization of debt security (if any);
 - l) a statement on who will be responsible for any taxes applicable;
 - m) the name of the authorised Registrar;
 - n) the date on which the Issuer wishes the issue to begin trading at the Exchange;
 - o) a statement that the securities offered have been registered with the relevant regulatory authority; and
 - p) any other information that the Exchange may require.
- 2) The Exchange shall send a letter to the fiscal agent stating that the application is complete, and the security shall be admitted to the Official List.

PART VI - CONTINUING LISTING OBLIGATIONS

Explanatory notes

Observance of the continuing obligations is essential to the maintenance of an orderly market in securities and to ensure that all users of the market have simultaneous access to the same information.

General obligations

Disclosure of periodic financial information

Miscellaneous provisions

General Obligations

36. General obligation of disclosure

- 1) An Issuer shall, as soon as possible but not later than 24 hours following the event or circumstance, release an announcement giving details of-
 - a. circumstances or events that have or are likely to have a material effect on the financial results, the financial position or cash flow of the Issuer, or information necessary to enable holders of the Issuer's listed securities and the public to avoid the creation of a false market in its listed securities; and
 - b. New developments in its sphere of activity which are not public knowledge, and which may lead to material movements in the ruling price of its listed securities.
- 2) Except where otherwise expressly provided, the requirements of subrule (1) are in addition to any Material Information and the following specific requirements regarding notification-
 - a) any information concerning the Issuer or any of its subsidiaries necessary to avoid the establishment of a false market in the Issuer's securities or which would be likely to materially affect the price of its securities;
 - b) any intention to fix a books closing date and the reason therefore, stating the books closure date, which shall be at least 21 days after the date of notification to the Exchange, and the address of the share registry at which documents shall be accepted for registration;
 - c) any recommendation or declaration of a dividend (including bonuses, if any), the rate and amount per share, date of payment, and the date of books closure. Where there is a variation in an interim or final dividend for the corresponding period in the previous year, the directors shall state the reasons for the variation at the time of the recommendation or the declaration. In making the announcement, the Issuer shall specify whether the dividend is interim, special or final and the total dividend paid to that date;

- d) any recommendation or decision that a dividend shall not be declared and the reasons for that recommendation or decision;
- e) any general meeting at least twenty-one days before such meeting is held or such shorter notice period as is permitted under the Issuer's articles of association or other constitutive document or the Companies Act. All notices convening meetings shall specify the place, date and hour of the meeting. If the conventional meeting place is changed, full justification for the change shall be given. The place chosen shall be convenient to the general body of shareholders;
- f) all special resolutions put to a general meeting of a listed company (as provided by the Issuer's articles) and immediately after such meeting, whether or not the resolutions were carried;
- g) any change of address of the registered office of a listed company or of any office at which the register of securities of a listed company is kept;
- h) any change in the directors, secretary or auditors of the Issuer;
- i) any proposed alteration of the memorandum and articles of association of a listed company;
- j) any notice of change of substantial shareholdings or changes received by the Issuer and details thereof;
- k) any application filed with a court to wind up the Issuer or any of its subsidiaries. Details of the suit and the probable outcome of the suit shall be confidentially submitted to the Exchange;
- l) the appointment or imminent appointment of a receiver or liquidator of the Issuer or any of its subsidiaries;
- m) any acquisition of shares of another company or any transaction resulting in such a company becoming a subsidiary or associated company;
- n) any sale of shares in another company resulting in a company ceasing to be a subsidiary of the Issuer;
- o) any substantial sale of assets involving 10 % or more of the value of net assets of the Issuer;and
- p) any major change of business policy or operations.

3) Any information released to the public under subrule (1) shall be accurate in all aspects.

37. Confidentiality

- 1) Information that is required to be announced in terms of rule 36 (1) and (2) may not, subject to subrules (2), (3) and (4) of this rule, be released to a third party until such

time as the information has been released to the Exchange and arrangements have been made for that information to be published.

- 2) An Issuer may give information in strict confidence to its advisers and to persons with whom it is negotiating with a view to effecting a transaction or raising finance. In such cases, the Issuer shall advise, in writing, the recipients of such information that it is strictly confidential.
- 3) Disclosure of information required by law to be provided in confidence to and for the purposes of a relevant regulatory body shall not be deemed to be disclosure to a third party contrary to subrule (1).
- 4) Where the information relates to a proposal by the Issuer, which is subject to negotiations with a third party, the Issuer may defer publication of the information until such time as an agreement has been reached as to the implementation of the proposal, unless such information is of such a nature that it is by law or any rules or regulations required to be disclosed to the public.
- 5) Whenever an Issuer becomes aware of a rumour or report, true or false, that contains information that is likely to have, or has had, an effect on the trading in the issuers securities or would be likely to have a bearing on investment decisions, the Issuer is required to publicly clarify the rumour reports as promptly as possible.
- 6) Whenever unusual market action takes place in an Issuers securities, the Issuer shall, on the next day, make inquiries to determine whether rumours or other conditions requiring corrective action exist, and if so, take whatever action is appropriate. If after the Issuers review, which should be completed within two days, the unusual market activity remains unexplained, the Issuer shall immediately announce that there has been no development in its business and affairs not previously disclosed nor, to its knowledge, any other reason to account for the unusual market activity.

38. Cautionary announcements

- 1) An Issuer shall submit to the Exchange and publish a cautionary announcement as soon as possible after it is in possession of any material price sensitive information, if at any time the necessary degree of confidentiality of such information cannot be maintained, or if the Issuer suspects that confidentiality has or may have been breached.
- 2) An Issuer who has published a cautionary announcement shall provide updates on it in the required manner and within the time limits prescribed.
- 3) **Profit Warnings**
 - a) An Issuer shall submit to the Exchange and publish a profit warning as soon as it is in possession (but in any case not later than 24 hours) of information indicating a decline in profit or loss for a financial period.

- b) Where a profit warning out to be issued it shall in any case not be issued later than 30 days after the end of the financial year or half year of the Issuer as the case may be.
- c) Profit warnings shall be issued
 - (i) where an Issuer registered a profit in the previous reporting period but has registered a loss in the current reporting period
 - (ii) where an Issuer registered a loss in the previous reporting period and registers a consecutive loss in the current reporting period
 - (iii) where an Issuer has not registered a loss but registers a decline in profits by 25% or more compared to the same reporting period in the prior year.

39. Equivalent information for dual listings

An Issuer whose securities are listed on another stock exchange shall ensure that equivalent information is made available at the same time to the Uganda Securities Exchange, by way of written notification, and to the market at each of the other exchanges.

40. Dispensation

If the directors of the Issuer consider that disclosure to the public of information required to be published by these Rules might prejudice the Issuer's legitimate interests, the Exchange may grant a dispensation from the requirement to make the information public.

Disclosure of Periodic Financial Information

41. Dividends and interest

- 1) The declaration of an intention to pay dividends or interest in respect of listed securities should be communicated to the Exchange immediately but in any event not later than 24 hours after the decision to declare a dividend is made. A copy of the announcement should be published and sent to shareholders.
- 2) The announcement of the book closure date shall first be made to the Exchange at least 21 days prior to the last day to register and shall contain the following minimum information-
 - a) the day the register shall be closed for purposes of payment;
 - b) the date on which the dividend/interest shall be paid; and
 - c) the cash amount that shall be paid for the dividend/interest.
- 3) If an Issuer decides not to declare dividends or interest, this shall be announced to the Exchange immediately after the decision is taken.
 - a) At least 21 days notice shall be given to shareholders and the Exchange prior to the last day to register for the dividend or interest.

- b) Payment of dividends and interest shall be effected within twenty one (21) days after the books closing date.

42. Interim and quarterly reports

- 1) Interim reports shall be published through a daily newspaper of nationwide circulation printed in the English language, as early as possible after the expiration of the first six months of a financial year, but not later than three months after that date. The newspaper announcement shall include information on the address at which a shareholder can obtain a copy of the report.
- 2) Where an Issuer has changed the end of its financial year by more than 3 months, an additional interim report shall be released, for the period from the beginning of the financial year so changed to the date of the end of the financial year before it was so changed.
- 3) Subrule (2) does not apply to companies that are applying for listing.

43. Procedure for non-compliance

- 1) Where an Issuer fails to comply with rule 42 (2) the Exchange may levy the penalties prescribed under USE Fees Charges and Penalties Rules 2021.
- 2) Where such penalty includes issuance of a public notice, the Issuer shall bear the cost of any publication of press announcements under subrule (1) which shall be payable on request by the Exchange.
- 3) Where such penalty includes suspension of the Issuer, the lifting of the suspension shall only be effected upon receipt by the Exchange of the report that is due.

44. Review by auditors

Un-audited interim reports shall be reviewed by the auditor of an Issuer, at the cost of the Issuer, if the Exchange, in its sole discretion, deems it necessary.

45. Annual financial statements

Every Issuer shall, within four months after the end of each financial year and at least twenty-one days before the date of the annual general meeting, distribute to all shareholders and submit to the Exchange and publish-

- a) a notice of annual general meeting; and
- b) the annual financial statements for the relevant financial year, which financial statements shall have been reported upon by the Issuer's auditors.

46. Procedure for failure to submit annual financial statements

- 1) Four months after the Issuer's financial year-end, the Issuer's listing shall be annotated with an "L" to indicate that it has failed to submit its annual financial statements punctually and the Board shall be informed accordingly.

- 2) Where an Issuer has not submitted its annual financial statements within the four months prescribed in rule 46, the Exchange shall publish an announcement to that effect in at least two English daily newspapers of national circulation. The publication shall contain a note on the consequences of such failure under these Rules.
- 3) If the Issuer has not complied with subrule (2) by the end of the fifth month after its financial year end, the Exchange shall evaluate the position of the Issuer and consider the suspension of the listing.
- 4) The defaulting Issuer shall bear the cost of publication of the press announcement.
- 5) The Issuer's suspension shall be lifted by the Exchange upon receipt by the Exchange of the Issuer's annual audited financial statements.
- 6) Where an Issuer is unable to comply with rule 45 for a reason that is acceptable to the Exchange, the Exchange may, in its sole discretion, waive the requirement for suspension of the Issuer's listing.

47. Qualified or disclaimed auditors' opinions

- (1) When the opinion of the Issuer's auditors on the annual financial statements of an Issuer is qualified, the Issuer's listing on the Board shall be annotated with a "Q" to indicate that the auditor's opinion is qualified. This annotation shall be removed once the Issuer produces an unqualified opinion.
- (2) When the Issuer's auditors disclaim or give an adverse opinion on the annual financial statements of an Issuer-
 - a) the Issuer's listing on the Board shall be annotated with a "D" to indicate that the Issuer's listing is under threat of suspension on account of an auditor's adverse opinion and an announcement shall be published by the Exchange through the press;
 - b) the defaulting Issuer shall bear the cost of the press announcement; and
 - c) The Exchange shall within twenty -one days of receipt of such financial statements consider the continued listing, or suspension and possible subsequent delisting of the Issuer's listing.

48. Notification relating to capital

- (1) An Issuer shall, without delay (unless otherwise indicated) and at most within 24 hours, release an announcement containing details of the following information relating to its capital-

- a) any proposed changes in its capital structure (for example any increase in the level of authorised or issued securities or where special resolutions are passed regarding the alteration of share capital) other than allotments of new shares in terms and save that an announcement of a new issue may be delayed while marketing or underwriting is in progress;
- b) any proposed change in the rights attaching to any class of listed securities or to any securities into which any listed securities are convertible;
- c) the basis of allotment of listed securities offered generally to the public;
- d) the effect, if any, of any issue of further securities on the terms of the exercise of rights under options and convertible securities; and
- e) the results of any new issue of listed securities or of a public offering of existing securities. Where the issue or offer of securities is underwritten, the Issuer may, at its discretion, delay such publication until the obligation by the underwriter to take or procure others to take securities is finally determined or lapses. Where the issue or offer of securities is not underwritten, publication of the result shall be made as soon as it is known.

Communication with Shareholders

49. Prescribed information to shareholders

An Issuer shall ensure that all the necessary facilities and information are available to enable holders of securities to exercise their rights and in particular, it shall-

- a) give holders of securities adequate notice of the holding of meetings which they are entitled to attend;
- b) enable them to exercise their rights to vote, where applicable; and
- c) release information in terms of the Listing Rules.

50. Press announcements

Circulars and pre-listing statements shall be printed in English and be distributed by the Issuer to all holders of its securities.

51. Transfer of securities

If an Issuer has applied for and been granted permission for its securities to be listed on another stock exchange, it is required to ensure that the securities shall be accepted for transfer, without delay, if presented in any of the Exchanges in which its securities are listed.

Miscellaneous Provisions

52. Transfer from one segment to another

- (1) An Issuer seeking transfer from one segment to another shall make a written application to the Exchange, stating the reasons for the request.
- (2) The written application in respect of the transfer shall be accompanied by a shareholders resolution authorising such transfer.
- (3) Where an Issuer seeks to transfer from one market segment to another, it shall meet the market requirements for the segment to which it wishes to transfer.
- (4) The Exchange shall notify the Authority of an application and the final decision of the Exchange to transfer an Issuer from one segment to another.

53. Directors

- (1) An Issuer shall notify the Exchange of any change to its board of directors including-
 - a) the appointment of a new director;
 - b) the resignation, removal or retirement of a director; and
 - c) changes to any important functions or executive responsibilities of a director; without delay and no later than by the end of the business day following the decision or receipt of notice about the change by the Issuer. No such notification is required where a director retires and is re-appointed at a shareholders' general meeting.
- (2) The notification shall state the effective date of the change if it is not with immediate effect. If the effective date is not yet known or has not yet been determined, the notification should state this fact, and the Issuer shall notify the Exchange when the effective date has been determined.

54. Repeal of the USE Listing Rules 2003

- (1) The USE Listing Rules of 2003 are as at the effective date of these Rules hereby repealed without prejudice to any action(s) taken, obligation acquired or liability incurred thereunder by the Exchange, any Listed entity (Issuer), Trading Participant or any person.
- (2) Effective Date: These Rules shall be deemed to have come into force effective 1st April 2021.

PART IV - METHODS AND PROCEDURES FOR LISTING SECURITIES ON THE EXCHANGE

Explanatory Notes

This section describes the different methods and procedures by which securities may be brought to listing.

Introductions

Offers for sale or subscription

Additional Issues

Capitalisation issues

Scrip Dividend

14. Methods open to applicants without equity shares already listed

Applicants without equity shares already listed on the Exchange may bring securities to listing by any of the following methods-

- a) an offer for sale;
- b) an offer for subscription;
- c) an introduction; or
- d) such other method as may be accepted by the Exchange either generally or in any particular case.

15. Methods open to applicants with equity shares already listed

(1) Applicants with equity shares already listed on the Exchange may bring securities to listing by any of the following methods-

- a) an offer for sale;
- b) an offer for subscription;
- c) a rights issue;
- d) capitalisation issue (or bonus issue) in lieu of dividend or otherwise;
- e) such other method as may be accepted by the Exchange either generally or in any particular case.

Offer for Sale and Subscription

16. Specific requirements

- (1) The Issuer shall submit its application and prospectus to the Exchange and attach written approval of the Authority.
- (2) The time frame shall be as follows-
 - a) the Issuer submits its application and prospectus for admission to the Official List of the Exchange; and the Exchange shall submit its comments and opinions to the Issuer within 15 business days of receipt of the application;
 - b) the Issuer shall respond to issues raised by the Exchange within 5 business days;
 - c) change shall, if satisfied with the response, send a letter to the Sponsoring Broker, with a copy to the Issuer stating that the application is complete; an
 - d) the Exchange shall issue a letter of admission of the securities to the Official List of the Exchange.

17. Cross listing

(1) The procedure for cross listing shall be as follows-

- a) only those Issuers meeting the eligibility criteria for the Main Investment Market Segment or equivalent segment in their home market shall be eligible to be admitted to the Main Investment Market Segment of the Official List and shall be allowed to cross list;
- b) all applications for cross listing shall be accompanied by a prospectus;
- c) a draft prospectus shall be sent by the sponsoring broker to the markets of prior listing;

(2) the Authorities and Exchanges of those markets shall respond within ten business days with a confidential report on the applicant and a "Letter of No Objection", or otherwise, addressed to the Exchange;

(3) all applicants must comply with the Main Investment Market Segment provisions of these Rules.

(4) An applicant for cross-listing shall be required to provide such float that provides such liquidity as may be deemed reasonable and agreed to by the Exchange

(5) On receipt of written approval from the Authority, the Exchange may admit the shares

18. Over-subscriptions

In the event of an over-subscription, the formula for the allotment shall be calculated in such a way that persons within the same category of applicants are treated in a fair and equal manner with regard to their applications.

19. Introduction

(1) In the case of an introduction, the issuer must comply with the conditions for listing set out in this Part V and Appendix 1(b) of these Rules.

(2) An Applicant for listing by introduction shall comply with the conditions and procedures required for listing a security on the Exchange and shall meet the eligibility criteria for listing on the Main Market Segment (MIMS)

20. Rights issues

17. In the case of a rights issue, the Issuer must submit an information memorandum with details as prescribed under Schedule 2 Part II of these Rules.

21. Underwriting

- (1) A rights offer need not be underwritten.
- (2) Where it is not underwritten, the rights offer shall be conditional upon the minimum subscription being received that shall fulfil the purpose of the rights offer.
- (3) The offer document shall contain a statement, in a bold typeface, that the offer is conditional upon the minimum subscription stated in the offer document, being received and that in the event of the minimum subscription not being received, any purchaser of the rights shall have no claim against the Exchange, the Issuer (including its directors, officers and advisers) or the seller of the letter.
- (4) If the offer is underwritten, it shall be so disclosed in the prospectus and the the underwriter shall satisfy the Exchange that it can meet its commitments.
- (5) Any underwriting commission paid to a shareholder of the Issuer must be disclosed.
- (6) Any underwriting commission paid to a shareholder of the Issuer should not be above the current market rate payable to independent underwriters.

22. Renounced rights

In respect of applications for excess securities, the pool of excess securities should be allocated equitably, taking cognisance of the number of securities held by the shareholder (including those taken up as a result of the rights offer) and the excess securities applied for by such shareholder.

23. Scrip dividend

- (1) In the case of a scrip dividend, the Issuer shall be required to provide to the Exchange, and shareholders with-
 - a) a statement of the total number of shares that would be issued if all eligible shareholders were to elect to receive shares in respect of their entire shareholdings, and the percentage which that number represents of the equity shares in issue;
 - b) details of equivalent cash dividend forgone to obtain each share or the basis of the calculation of the number of shares to be offered in lieu of cash;
 - c) a statement of total cash dividend payable;
 - d) a statement of the date for ascertaining the share price used as a basis for calculating allocation of shares; and
 - e) the last date for lodging notice of participation or cancellation.

PART V - CONDITIONS FOR LISTING

Explanatory notes

This section sets out the conditions for listings.

Preface

Introduction

Conditions applicable to all markets Requirements for Listing on the Main Investment Market Segment (MIMS)

Requirements for Listing on the Growth Enterprise Market Segment

Requirements for Listing on the Fixed Income Securities Market Segment (FISMS)

Preface

Market Segments of the Uganda Securities Exchange

The Official List of the Uganda Securities Exchange is categorized into three different market segments. The segments have different eligibility and listing criteria.

These market segments are-

- a. Main Investment Market Segment (MIMS);
- b. Growth Enterprise Market Segment (AIMS); and
- c. Fixed Income Securities Market Segment (FISMS).

Main Investment Market Segment (MIMS)

This is the main quotation market segment with stringent eligibility, listing and disclosure requirements.

Growth Investment Market Segment (GEMS)

This market segment provides capital to small-to- medium size high growth companies that do not meet eligibility requirements of MIMS, and is meant for institutional and high net worth investors.

Fixed Income Securities Market Segment (FISMS)

Provides a separate market for Government bonds, corporate bonds, commercial paper, preference shares, debenture stocks and any other fixed income instruments.

Requirements for Listing Applicable to all Market Segments

24. Approval of the Authority

No securities shall be approved for listing on the Exchange without the written approval of the Authority.

25. Directors and Senior Management

- (1) The directors and senior management of an Issuer shall collectively have appropriate expertise and experience for the management of the Issuer's business.
- (2) Details of such expertise and experience shall be disclosed in listing particulars prepared by the Issuer.
- (3) An Issuer shall submit to the Exchange before listing, a director's declaration in the form specified in Appendix 1 paragraph 1(3), Appendix 2 paragraph 1(3) and Appendix 3 paragraph 1(2).

26. Financial information

- (1) The financial statements shall be drawn up in accordance with the Issuer's national law and shall be prepared and independently audited in accordance with International Accounting Standards, unless the Exchange otherwise allows.
- (2) The auditors shall have reported on the financial statements without any qualification, which, in the opinion of the Exchange, is significant for the purposes of listing.
- (3) Any profit forecast of an Issuer shall be accompanied by a report of the Issuer's auditors or reporting accountants.

Provisions Relating to Securities

27. Status of securities

- (1) The securities for which a listing is sought shall be issued in conformity with the law of the Issuer's country of incorporation or establishment and in conformity with the Issuer's memorandum and articles of association or other constitutive document and all authorisations needed for their creation and issue under such law or documents shall have been duly given.
- (2) No application shall be considered until the memorandum and articles of association or other constitutive document of the Issuer or, if applicable, the Debenture Trust Deed have been received by the Exchange.
- (3) Where a new Issuer already has securities listed on another stock exchange, it shall be in compliance with the requirements of that exchange and the relevant laws of that country.

28. Transferability of securities

The securities for which listing is sought shall be paid up and freely transferable.

29. Convertible securities

- (1) In addition to any other Listing rules affecting convertible securities, the Exchange shall not grant a listing for convertible securities unless there are sufficient unissued securities in the Issuer's authorised capital into which the convertible securities could convert at the time such convertible securities are issued.
- (2) The Issuer shall further undertake to the Exchange that it shall at all times maintain sufficient unissued securities to cater for the eventual conversion.

30. Undertakings

- (1) An Issuer shall give a general undertaking, complying with Appendix 1 paragraph 1(3), or Appendix 2 paragraph 1(3) or Appendix 3 paragraph 1(2), to the Exchange in the form of a resolution of directors certified by its chairman, that it shall comply with the Listing Rules and the rules of the Exchange as amended from time to time in so far as they are applicable to the Issuer.
- (2) While a company remains on the Official List, it is required to comply with the continuing listing obligations in terms of Part VI and Appendix 4 of these Rules.

31. Public shareholders

- (1) Securities shall not be regarded as being held by the public if they are beneficially held, whether directly or indirectly, by-
 - a) the directors of the Issuer or of any of its subsidiaries;
 - b) an associate of a director of the Issuer or of any of its subsidiaries;
 - c) the trustees of any employees' share scheme or trust settlement or pension fund established for the benefit of any director or employees of the Issuer and its subsidiaries;
 - d) any person who, by virtue of any agreement, has a right to nominate a person to the board of directors of the Issuer; or
 - e) any person who is interested in 10% or more of the securities, unless the Exchange determines that, in all the circumstances, such person can be included in the public.
- (2) Notwithstanding subrule (1) of this rule, securities shall be regarded as being held by the public if any person who is interested in 10% or more of securities-
 - a) is a fund manager or portfolio manager managing more than one fund or portfolio, where each fund or portfolio is interested in less than 10% of the relevant securities; provided that this exemption shall not apply where the fund or portfolio manager is, in relation to any such fund or portfolio, acting in concert with any person who holds relevant securities which, together with those held by the fund or portfolio in question, represent 10% or more of the relevant securities;

- b) is the registered holder of securities which are the subject of a depository receipt programme and no depository receipt holder, together with any person with whom they may be acting in concert, holds depository receipts representing 10% or more of the securities concerned, save where the holder is a fund or portfolio manager as contemplated in paragraph (a);
- (3) The Exchange may, in its sole discretion, require an Issuer to provide it with a declaration that, to the best of the information, knowledge and belief of the directors, none of the shareholders holds shares as a nominee for any other person.
- (4) Notwithstanding the requirements in the Listing Rules, the Exchange may, in its overriding discretion, grant a listing to an Issuer which does not fulfil the requirements set out below or refuse a listing to an Issuer which does comply with the Listing Rules on the ground that, in the Exchange's opinion, the grant or refusal of the listing is in the interests of the investing public.
- (5) Any person aggrieved by the decision of the Exchange under subrule (4) shall appeal to the Authority.
- (6) Issuers shall, as soon as they become aware, notify the Exchange, through the sponsoring broker, of any matter or unusual feature relating to the listing not specifically provided for in the Listing Rules.

32. Requirements for listing on Main Investment Market Segment (MIMS)

- (1) For an Issuer to be considered for listing on this segment-
 - a) the Issuer shall be a company limited by shares and incorporated or registered under the Companies Act 2012 as a public limited liability company, or if it is a foreign company, it shall be registered under the relevant provisions of the Companies Act;
 - b) the Issuer shall have a minimum authorised, issued and fully paid up share capital of 50,000 currency points and net assets of 100,000 currency points before the public offering of shares; and
 - c) the Issuer shall have published audited financial statements for a period of at least 5 years complying with International Accounting Standards for an accounting period ending on a date not more than six (6) months prior to the proposed date of the offer.
- (2) Where more than six months have elapsed since the issuer's last accounting period for which audited financial statements have been prepared, then the issuer shall prepare a set of un-audited financial statements in accordance with International Accounting Standards, for the period ending not longer than three months from the date of the offer.
- (3) The Issuer shall have prepared financial statements for the latest accounting period on a going concern basis.

- (4) At the date of application, the Issuer shall not be in breach of any of its loan covenants.
- (5) As at the date of the application and for a period of at least 2 years prior to the date of the application, no director of the Issuer-
 - a) may be or may have been adjudged bankrupt and subsequently been discharged, or any winding up petition pending threatened against it (for bodies corporate);
 - b) May have, in the 10 years prior to the date of the application, been convicted of a felony; or
 - c) may have been the subject of any ruling of a court of competent jurisdiction or any governmental body that permanently or temporarily prohibits him or her from acting as a director of a public Issuer.
 - d) The Issuer shall have declared positive profits after tax attributable to shareholders in at least three of the last five completed accounting periods immediately prior to the date of the offer.
 - e) Immediately following the public shares offering, at least 20% of the shares shall be held by not less than 500 public shareholders excluding the employees and Directors of the Issuer. Provided that in exceptional circumstances, a lower percentage may be accepted by the Exchange where the amount of securities of the same class and the extent of their distribution would enable the market to operate properly with a lower percentage.
- (6) Where the Exchange waives the requirement for a Company to list with float below 20% threshold such Company (Issuer) shall have up to a maximum of 3 years within which to meet the requisite float threshold.
- (7) If an Issuer wishing to be listed is subject by law to the regulations of any regulatory authority, the Issuer shall obtain a letter of no objection from the relevant regulatory authority.
- (8) Issuers shall comply with the requirements of Appendix 1 which sets out the detailed disclosure requirements.

33. Requirements for listing on the Growth Enterprise Market Segment (GEMS)

- (1) An applicant seeking to list on the Growth Enterprise Market Segment shall meet the eligibility criteria and comply with the application procedure prescribed in the USE Growth Enterprise Market Segment Rules 2012

34. Requirements for listing on the Fixed Income Securities Segment (FISMS) other than government bonds

- (1) The Issuer shall be a company, a government, a local government or any other body corporate.
- (2) The Issuer shall have net assets of 100,000 currency points before the public offering of the securities. In the event that the Issuer does not meet these net assets requirements, the Issuer shall obtain a guarantee from a bank or other financial institution acceptable to the Exchange.

- (3) The Issuer shall have published audited financial statements for a period of three years complying with International Accounting Standards for an accounting period ending on a date not more than six (6) months prior to the proposed date of the offer.
- (4) If more than six (6) months shall have elapsed since the Issuer's last accounting period for which audited financial statements were prepared, the Issuer shall prepare a set of un-audited financial statements in accordance with International Accounting Standards for the period ending not longer than three months from the date of the offer.
- (5) If an offer is made more than six months after the last audited financial period, the applicant shall be obliged to publish un-audited interim financial statements for the period ending not longer than three months before the offer date.
- (6) The Issuer shall have prepared financial statements for the latest accounting period on a going concern basis and the audit report shall not contain any emphasis of matter or qualification in this regard.
- (7) At the date of the application, the Issuer shall not be in breach of any of its loan covenants.
- (8) The Issuer should have made profits in at least two of the last three years preceding the issue of the Commercial Paper or the Corporate Bond. In the event that the Issuer cannot meet this requirement, the Issuer should obtain a guarantee from a bank or other financial institution acceptable to the Exchange.
- (9) An Issuer wishing to issue or list debt securities shall not be insolvent within the meaning of the Companies Act 2012 and any amendments thereto.
- (10) Total indebtedness of the Issuer, including the new issue of the Commercial Paper or the Corporate Bond shall not exceed 400% of the Issuer's net worth (or a gearing ratio of 4:1) as at the date of the latest balance sheet.
- (11) The ratio of funds generated from the operations to total debt the three trading periods preceding the issue shall be maintained at a weighted average of 40% or more.
- (12) The conditions as provided in subrules (10) and (11) shall be maintained as long as the Commercial Paper or Corporate Bond remains outstanding.
- (13) The directors and senior management of an Issuer shall have collectively appropriate expertise and experience for the management of the business. Details of such expertise shall be disclosed in the issue information memorandum.
- (14) The Issuer shall ensure that each director is free of any conflict of interest as provided for under Appendix 3 of these Rules.
- (15) If the Issuer is subject by law to the regulations of a regulatory authority, the Issuer shall obtain a letter of no objection from the relevant regulatory authority or such form of approval that the regulatory authority may deem appropriate.

- (16) Where there is a guarantor and in the event that the guarantor is a bank or an insurance company licensed to operate in Uganda, the consent of the relevant regulatory authority shall be required.
- (17) Where there is a guarantor, the guarantor shall provide the Exchange with a financial capability statement duly certified by its auditors.
- (18) Issuers shall comply with the requirements of Appendix 3 which sets out the detailed disclosure requirements.

35. Procedure for listing of government securities

- (1) The fiscal agent for the Government shall issue to the Exchange, a draft prospectus or letter of offer for each issue showing-
 - a) the name of the Issuer;
 - b) the name and/or number of the issue;
 - c) the total amount of the issue;
 - d) the purpose of the issue;
 - e) the value date of the issue;
 - f) the duration of the issue;
 - g) the redemption date of the issue;
 - h) the minimum price/face value per issue;
 - i) the applicable interest rate;
 - j) the interest payment dates;
 - k) the arrangements for amortization of debt security (if any);
 - l) a statement on who will be responsible for any taxes applicable;
 - m) the name of the authorised Registrar;
 - n) the date on which the Issuer wishes the issue to begin trading at the Exchange;
 - o) a statement that the securities offered have been registered with the relevant regulatory authority; and
 - p) any other information that the Exchange may require.
- 2) The Exchange shall send a letter to the fiscal agent stating that the application is complete, and the security shall be admitted to the Official List.

PART VI - CONTINUING LISTING OBLIGATIONS

Explanatory notes

Observance of the continuing obligations is essential to the maintenance of an orderly market in securities and to ensure that all users of the market have simultaneous access to the same information.

General obligations

Disclosure of periodic financial information

Miscellaneous provisions

General Obligations

36. General obligation of disclosure

- (1) An Issuer shall, as soon as possible but not later than 24 hours following the event or circumstance, release an announcement giving details of-
 - a) circumstances or events that have or are likely to have a material effect on the financial results, the financial position or cash flow of the Issuer, or information necessary to enable holders of the Issuer's listed securities and the public to avoid the creation of a false market in its listed securities; and
 - b) New developments in its sphere of activity which are not public knowledge and which may lead to material movements in the ruling price of its listed securities.
- (2) Except where otherwise expressly provided, the requirements of subrule (1) are in addition to any Material Information and the following specific requirements regarding notification-
 - a) any information concerning the Issuer or any of its subsidiaries necessary to avoid the establishment of a false market in the Issuer's securities or which would be likely to materially affect the price of its securities;
 - b) any intention to fix a books closing date and the reason therefore, stating the books closure date, which shall be at least 21 days after the date of notification to the Exchange, and the address of the share registry at which documents shall be accepted for registration;
 - c) any recommendation or declaration of a dividend (including bonuses, if any), the rate and amount per share, date of payment, and the date of books closure. Where there is a variation in an interim or final dividend for the corresponding period in the previous year, the directors shall state the reasons for the variation at the time of the recommendation or the declaration. In making the announcement, the Issuer shall

specify whether the dividend is interim, special or final and the total dividend paid to that date;

- d) Any recommendation or decision that a dividend shall not be declared and the reasons for that recommendation or decision;
 - e) any general meeting at least twenty-one days before such meeting is held or such shorter notice period as is permitted under the Issuer's articles of association or other constitutive document or the Companies Act. All notices convening meetings shall specify the place, date and hour of the meeting. If the conventional meeting place is changed, full justification for the change shall be given. The place chosen shall be convenient to the general body of shareholders;
 - f) all special resolutions put to a general meeting of a listed company (as provided by the Issuer's articles) and immediately after such meeting, whether or not the resolutions were carried;
 - g) any change of address of the registered office of a listed company or of any office at which the register of securities of a listed company is kept;
 - h) any change in the directors, secretary or auditors of the Issuer;
 - i) any proposed alteration of the memorandum and articles of association of a listed company;
 - j) any notice of change of substantial shareholdings or changes received by the Issuer and details thereof;
 - k) any application filed with a court to wind up the Issuer or any of its subsidiaries. Details of the suit and the probable outcome of the suit shall be confidentially submitted to the Exchange;
 - l) the appointment or imminent appointment of a receiver or liquidator of the Issuer or any of its subsidiaries;
 - m) any acquisition of shares of another company or any transaction resulting in such a company becoming a subsidiary or associated company;
 - n) any sale of shares in another company resulting in a company ceasing to be a subsidiary of the Issuer;
 - o) any substantial sale of assets involving 10 % or more of the value of net assets of the Issuer; and
 - p) any major change of business policy or operations.
- (3) Any information released to the public under subrule (1) shall be accurate in all aspects.

37. Confidentiality

- (1) Information that is required to be announced in terms of rule 36 (1) and (2) may not, subject to subrules (2), (3) and (4) of this rule, be released to a third party until such time as the information has been released to the Exchange and arrangements have been made for that information to be published.
- (2) An Issuer may give information in strict confidence to its advisers and to persons with whom it is negotiating with a view to effecting a transaction or raising finance. In such cases, the Issuer shall advise, in writing, the recipients of such information that it is strictly confidential.
- (3) Disclosure of information required by law to be provided in confidence to and for the purposes of a relevant regulatory body shall not be deemed to be disclosure to a third party contrary to subrule (1).
- (4) Where the information relates to a proposal by the Issuer, which is subject to negotiations with a third party, the Issuer may defer publication of the information until such time as an agreement has been reached as to the implementation of the proposal, unless such information is of such a nature that it is by law or any rules or regulations required to be disclosed to the public.
- (5) Whenever an Issuer becomes aware of a rumour or report, true or false, that contains information that is likely to have, or has had, an effect on the trading in the issuers securities or would be likely to have a bearing on investment decisions, the Issuer is required to publicly clarify the rumour reports as promptly as possible.
- (6) Whenever unusual market action takes place in an Issuers securities, the Issuer shall, on the next day, make inquiries to determine whether rumours or other conditions requiring corrective action exist, and if so, take whatever action is appropriate. If after the Issuers review, which should be completed within two days, the unusual market activity remains unexplained, the Issuer shall immediately announce that there has been no development in its business and affairs not previously disclosed nor, to its knowledge, any other reason to account for the unusual market activity.

38. Cautionary announcements

- (1) An Issuer shall submit to the Exchange and publish a cautionary announcement as soon as possible after it is in possession of any material price sensitive information, if at any time the necessary degree of confidentiality of such information cannot be maintained, or if the Issuer suspects that confidentiality has or may have been breached.
- (2) An Issuer who has published a cautionary announcement shall provide updates on it in the required manner and within the time limits prescribed.

(3) Profit Warnings

- a) An Issuer shall submit to the Exchange and publish a profit warning as soon as it is in possession (but in any case not later than 24 hours) of information indicating a decline in profit or loss for a financial period.
- b) Where a profit warning is to be issued it shall in any case not be issued later than 30 days after the end of the financial year or half year of the Issuer as the case may be.
- c) Profit warnings shall be issued
 - (i) where an Issuer registered a profit in the previous reporting period but has registered a loss in the current reporting period
 - (ii) where an Issuer registered a loss in the previous reporting period and registers a consecutive loss in the current reporting period
 - (iii) where an Issuer has not registered a loss but registers a decline in profits by 25% or more compared to the same reporting period in the prior year.

39. Equivalent information for dual listings

- (1) An Issuer whose securities are listed on another stock exchange shall ensure that equivalent information is made available at the same time to the Uganda Securities Exchange, by way of written notification, and to the market at each of the other exchanges.

40. Dispensation

If the directors of the Issuer consider that disclosure to the public of information required to be published by these Rules might prejudice the Issuer's legitimate interests, the Exchange may grant a dispensation from the requirement to make the information public.

Disclosure of Periodic Financial Information

41. Dividends and interest

- (1) The declaration of an intention to pay dividends or interest in respect of listed securities should be communicated to the Exchange immediately but in any event not later than 24 hours after the decision to declare a dividend is made. A copy of the announcement should be published and sent to shareholders.
- (2) The announcement of the book closure date shall first be made to the Exchange at least 21 days prior to the last day to register and shall contain the following minimum information-
 - a) the day the register shall be closed for purposes of payment;
 - b) the date on which the dividend/interest shall be paid; and
 - c) the cash amount that shall be paid for the dividend/interest.

- (3) If an Issuer decides not to declare dividends or interest, this shall be announced to the Exchange immediately after the decision is taken
- (4) At least 21 days notice shall be given to shareholders and the Exchange prior to the last day to register for the dividend or interest.
- (5) Payment of dividends and interest shall be effected within twenty one (21) days after the books closing date.

42. Interim and quarterly reports

- (1) Interim reports shall be published through a daily newspaper of nationwide circulation printed in the English language, as early as possible after the expiration of the first six months of a financial year, but not later than three months after that date. The newspaper announcement shall include information on the address at which a shareholder can obtain a copy of the report.
- (2) Where an Issuer has changed the end of its financial year by more than 3 months, an additional interim report shall be released, for the period from the beginning of the financial year so changed to the date of the end of the financial year before it was so changed.
- (3) Subrule (2) does not apply to companies that are applying for listing.

43. Procedure for non-compliance

- (1) Where an Issuer fails to comply with rule 42 (2) the Exchange may levy the penalties prescribed under USE Fees Charges and Penalties Rules 2021.
- (2) Where such penalty includes issuance of a public notice, the Issuer shall bear the cost of any publication of press announcements under subrule (1) which shall be payable on request by the Exchange.
- (3) Where such penalty includes suspension of the Issuer, the lifting of the suspension shall only be effected upon receipt by the Exchange of the report that is due.

44. Review by auditors

Un-audited interim reports shall be reviewed by the auditor of an Issuer, at the cost of the Issuer, if the Exchange, in its sole discretion, deems it necessary.

45. Annual financial statements

- (1) Every Issuer shall, within four months after the end of each financial year and at least twenty-one days before the date of the annual general meeting, distribute to all shareholders and submit to the Exchange and publish-
 - i. a notice of annual general meeting; and
 - ii. the annual financial statements for the relevant financial year, which financial statements shall have been reported upon by the Issuer's auditors.

46. Procedure for failure to submit annual financial statements

- (1) Four months after the Issuer's financial year-end, the Issuer's listing shall be annotated with an "L" to indicate that it has failed to submit its annual financial statements punctually and the Board shall be informed accordingly.
- (2) Where an Issuer has not submitted its annual financial statements within the four months prescribed in rule 46, the Exchange shall publish an announcement to that effect in at least two English daily newspapers of national circulation. The publication shall contain a note on the consequences of such failure under these Rules.
- (3) If the Issuer has not complied with subrule (2) by the end of the fifth month after its financial year end, the Exchange shall evaluate the position of the Issuer and consider the suspension of the listing.
- (4) The defaulting Issuer shall bear the cost of publication of the press announcement.
- (5) The Issuer's suspension shall be lifted by the Exchange upon receipt by the Exchange of the Issuer's annual audited financial statements.
- (6) Where an Issuer is unable to comply with rule 45 for a reason that is acceptable to the Exchange, the Exchange may, in its sole discretion, waive the requirement for suspension of the Issuer's listing.

47. Qualified or disclaimed auditors' opinions

- (1) When the opinion of the Issuer's auditors on the annual financial statements of an Issuer is qualified, the Issuer's listing on the Board shall be annotated with a "Q" to indicate that the auditor's opinion is qualified. This annotation shall be removed once the Issuer produces an unqualified opinion.
- (2) When the Issuer's auditors disclaim or give an adverse opinion on the annual financial statements of an Issuer-
 - a) the Issuer's listing on the Board shall be annotated with a "D" to indicate that the Issuer's listing is under threat of suspension on account of an auditor's adverse opinion and an announcement shall be published by the Exchange through the press;
 - b) the defaulting Issuer shall bear the cost of the press announcement; and

- c) The Exchange shall within twenty-one days of receipt of such financial statements consider the continued listing, or suspension and possible subsequent delisting of the Issuer's listing.

48. Notification relating to capital

- (1) An Issuer shall, without delay (unless otherwise indicated) and at most within 24 hours, release an announcement containing details of the following information relating to its capital-
 - a) any proposed changes in its capital structure (for example any increase in the level of authorised or issued securities or where special resolutions are passed regarding the alteration of share capital) other than allotments of new shares in terms and save that an announcement of a new issue may be delayed while marketing or underwriting is in progress;
 - b) any proposed change in the rights attaching to any class of listed securities or to any securities into which any listed securities are convertible;
 - c) the basis of allotment of listed securities offered generally to the public;
 - d) the effect, if any, of any issue of further securities on the terms of the exercise of rights under options and convertible securities; and
 - e) the results of any new issue of listed securities or of a public offering
 - f) of existing securities. Where the issue or offer of securities is underwritten, the Issuer may, at its discretion, delay such publication until the obligation by the underwriter to take or procure others to take securities is finally determined or lapses. Where the issue or offer of securities is not underwritten, publication of the result shall be made as soon as it is known.

Communication with Shareholders

50. Prescribed information to shareholders

- (1) An Issuer shall ensure that all the necessary facilities and information are available to enable holders of securities to exercise their rights and in particular, it shall-
 - a) give holders of securities adequate notice of the holding of meetings which they are entitled to attend;
 - b) enable them to exercise their rights to vote, where applicable; and
 - c) release information in terms of the Listing Rules.

51. Press announcements

Circulars and pre-listing statements shall be printed in English and be distributed by the Issuer to all holders of its securities.

52. Transfer of securities

If an Issuer has applied for and been granted permission for its securities to be listed on another stock exchange, it is required to ensure that the securities shall be accepted for transfer, without delay, if presented in any of the Exchanges in which its securities are listed.

Miscellaneous Provisions

53. Transfer from one segment to another

- (1) An Issuer seeking transfer from one segment to another shall make a written application to the Exchange, stating the reasons for the request.
- (2) The written application in respect of the transfer shall be accompanied by a shareholders resolution authorising such transfer.
- (3) Where an Issuer seeks to transfer from one market segment to another, it shall meet the market requirements for the segment to which it wishes to transfer.
- (4) The Exchange shall notify the Authority of an application and the final decision of the Exchange to transfer an Issuer from one segment to another.

54. Directors

- (1) An Issuer shall notify the Exchange of any change to its board of directors including-
 - a) the appointment of a new director;
 - b) the resignation, removal or retirement of a director; and
 - c) changes to any important functions or executive responsibilities of a director; without delay and no later than by the end of the business day following the decision or receipt of notice about the change by the Issuer.
- (2) No such notification is required where a director retires and is re-appointed at a shareholders' general meeting.
- (3) The notification shall state the effective date of the change if it is not with immediate effect. If the effective date is not yet known or has not yet been determined, the notification should state this fact, and the Issuer shall notify the Exchange when the effective date has been determined.

55. Repeal of the USE Listing Rules 2003

- (1) The USE Listing Rules 2003 are as at the *effective date* of these Rules hereby repealed without prejudice to any action(s) taken, obligation acquired or liability incurred thereunder by the Exchange, any Listed entity (Issuer), trading participant or any person.
- (2) **Effective Date:** These Rules shall be deemed to have come into force effective 1st April 2021.

**PART VII - APPENDICES ON LISTING DISCLOSURE REQUIREMENTS AND
CONTINUING LISTING OBLIGATIONS**

APPENDIX 1 – DISCLOSURE REQUIREMENTS FOR MAIN INVESTMENT
MARKET SEGMENT (MIMS) PUBLIC OFFERINGS

APPENDIX 2 – DISCLOSURE REQUIREMENTS FOR FIXED INCOME
SECURITIES MARKET SEGMENT (FISMS) FOR PUBLIC
ISSUES

APPENDIX 3 – REQUIREMENTS FOR LISTING BY INTRODUCTION

APPENDIX 4 – CONTINUING OBLIGATIONS

APPENDIX 1

DISCLOSURE REQUIREMENTS FOR

MAIN INVESTMENT MARKET SEGMENT (MIMS) PUBLIC OFFERINGS

1. Identity of Directors, senior management and Advisers (i.e. persons responsible for the information disclosed)

- 1) The name, home or business address and function of each of the persons giving the declaration set out in subparagraph (3).
- 2) Where the declaration set out in subparagraph (3) is given for part only of the prospectus, that part shall be indicated.
- 3) A declaration in the following form-

“The directors of the Issuer, whose names appear on page [] of the prospectus, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information”.

The names, addresses and qualifications of the auditors who have audited the Issuer's annual accounts in accordance with national law during the last 3 financial years and have deposited a statement with the Issuer of circumstances which they believe should be brought to the attention of members and creditors of the Issuer, details of such matters shall be disclosed.

The names and addresses of the Issuer's bankers, sponsoring broker, legal advisers to the issue, reporting accountants, auditors and any other expert to whom a statement or report included in the prospectus has been attributed.

2. Offer statistics and expected timetable.

- 1) A statement that the Authority has approved the public offering.
- 2) A statement that a copy of the prospectus has been delivered to the Registrar of Companies.
- 3) If the offer is by more than one method, for each method of offering state the total amount of the issue, including the expected issue price or the method of determining the price and the number of securities expected to be issued.
- 4) For all offering, and separately for each group of targeted potential investors, state the following information to the extent applicable-

- a. the time period during which the offer shall be open, and where and to whom purchase or subscription applications shall be addressed. Describe whether the purchase period may be extended or shortened, and the manner and duration of possible extensions or possible early closure or shortening of the period. Describe the manner in which the latter shall be made public. If the exact dates are not known when the documents is first filed or distributed to the public, describe arrangement for announcing final or definitive date or period;
- b. method and time limits for paying up securities;
- c. method and time limits for delivery of equity securities (including provisional certificates, if applicable) to subscribers or purchasers;
- d. the procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised;
- e. a full description of the manner in which results of the distribution of securities are to be made public, and when appropriate, the manner for refunding excess amounts paid by applicants (including whether interest is to be paid).

3. Information on the Issuer

- 1) The name, registered office and, if different, head office of the Issuer. If the Issuer has changed its name within the last 5 years, the old name shall be printed in bold type under the new name. If the issuer is registered as a foreign company conducting business in Uganda, evidence of such registration.
- 2) The country of incorporation of the Issuer.
- 3) The date of incorporation and the certificate of incorporation of the Issuer.
- 4) The legislation under which the Issuer operates and the legal form which it has adopted under that legislation.
- 5) A description of the Issuer's principal objects and reference to the clause of the memorandum of association in which they are described.
- 6) The place of registration of the Issuer and its registration number.
- 7) A statement that for a period of not less than 5 business days from the date of the particulars or for the duration of any offer to which the particulars relate, if longer, at a named place as the Exchange may agree, the following documents (or copies thereof), where applicable the following documents could be inspected-
 - a. the memorandum and articles of association of the Issuer;
 - b. any trust deed of the Issuer and any of its subsidiary undertakings which is referred to in the particulars;

- c. each document mentioned in subparagraphs (18) (material contracts) and (21) (directors' service contracts) or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;
 - d. copies of service agreements with a manager or secretary; underwriting agreements, vendors' agreements, promoters' agreements entered into during the last 2 years;
 - e. in the case of an issue of shares in connection with a merger, the division of an Issuer, the transfer of all or part of an undertaking's assets and liabilities, or a takeover offer, or as consideration for the transfer of assets other than cash, the documents describing the terms and conditions of such operations, together, where appropriate, with any opening balance sheet, if the Issuer has not prepared its own or consolidated annual accounts (as appropriate);
 - f. the latest relevant authority's report;
 - g. the latest certified appraisals or valuations relative to movable and immovable property and items of a similar nature, if applicable;
 - h. all reports, letters, and other documents, balance sheets, valuations and statements by any prospectus;
 - i. written statements signed by the auditors or accountants setting out the adjustments made by them in arriving at the figures shown in any accountants' report included pursuant to paragraph 7 (4) and giving the reasons therefore; and
 - j. the audited accounts of the Issuer or, in the case of a group, the consolidated audited accounts of the Issuer and its subsidiary undertakings for the five financial years preceding the publication of the prospectus, including, in the case of an Issuer incorporated in Uganda, all notes, reports or information required by the Companies Act.
- 8) Where any of the documents listed in subparagraph (7) are not in the English language, translations into English shall also be available for inspection. In the case of any document mentioned in subparagraph (18) (material contracts), a translation of a summary of such document may be made available for inspection if the Exchange so agrees.
- 9) The amount of the Issuer's authorised and issued capital and the amount of any capital agreed to be issued, the number and classes of the shares of which it is composed with details of their principal characteristics; if any part of the issued capital is still to be paid up, a statement of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down, where applicable, according to the extent to which they have been paid up.
- 10) Where the Issuer has authorised but unissued capital or is committed to increase the capital, an indication of-
- a. the amount of such authorised capital or capital increase and, where appropriate, the duration of the authorisation;

- b. the categories of persons having preferential subscription rights for such additional portions of capital; and
 - c. the terms and arrangements for the share issue corresponding to such portions.
- 11) If the Issuer shall disclose-
 - a. the amount of any outstanding convertible debt securities, exchangeable debt securities or debt securities with warrants; and
 - b. a summary of the conditions governing and the procedures for conversion, exchange or subscription of such securities.
- 12) A summary of the provisions of the Issuer's memorandum and articles of association regarding changes in the capital and in the respective rights of the various classes of securities.
- 13) A summary of the changes during the three preceding years in the amount of the issued capital of the Issuer and, if material, the capital of any member of the group and/or the number and classes of securities of which it is composed. Intra group issues by partly owned subsidiaries and changes in the capital structure of subsidiaries which have remained wholly owned throughout the period may be disregarded. Such summary shall also state the price and terms granted and (if not already fully paid) the dates when any instalments are in arrears. If the assets have been acquired or are to be acquired out of the proceeds of the issue, this value shall be stated. If there are no such issues, an appropriate negative statement shall be made.
- 14) The names of the persons, so far as they are known to the Issuer, who, directly or indirectly, jointly or severally, exercise or could exercise control over the Issuer as a substantial shareholder or otherwise, and particulars of the proportion of the voting capital held by such persons. For these purposes, joint control means control exercised by two or more persons who have concluded an agreement which may lead to their adopting a common policy in respect of the Issuer.
- 15) Details of any change in controlling shareholder(s) as a result of the issue.
- 16) The history of any change in the controlling shareholder(s) and trading objectives of the Issuer and its subsidiaries during the previous 2 years. A statement of the new trading objectives and the manner in which the new objects shall be implemented. If the Issuer, or as the case may be, the group carries on widely differing operations, a statement showing the contributions of such respective differing operations to its trading results. The proposed new name, if any, the reasons for the change and whether or not consent to the change has been obtained from the Registrar of Companies.
- 17) If the Issuer has subsidiary undertakings or parent undertakings, a brief description of the group of undertakings and of the issuer's position within it stating, where the Issuer is a subsidiary undertaking, the name of and number of shares in the Issuer held (directly or indirectly) by each parent undertaking of the Issuer.
- 18) A summary of the principal contents of-

- a. each material contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the publication of the prospectus, including particulars of dates, parties, terms and conditions, any consideration passing to or from the Issuer or any other member of the group, unless such contracts have been available for inspection in the last 2 years in which case it shall be sufficient to refer to them collectively as being available for inspection in accordance with subparagraph (17);
 - b. any contractual arrangement with a controlling shareholder required to ensure that the Issuer is capable at all times of carrying on its business independently of any controlling shareholder, including particulars of dates, terms and conditions and any consideration passing to or from the Issuer or any other member of the group. The Exchange shall have the discretion to make exceptions in the case of commercially sensitive material contracts.
- 19) If any contract referred to in subparagraph (18) relates to the acquisition of securities in an unlisted subsidiary, or associated Issuer, where all securities in the Issuer have not been acquired, state the reason why 100% of the shareholding was not acquired, and whether anyone associated with the controlling shareholder(s) of the Issuer, or associated companies, or its subsidiaries is interested and to what extent.
- 20) Details of the name of any promoter of any member of the group and the amount of any cash, securities or benefits paid, issued or given within the 3 years immediately preceding the date of publication of the listing prospectus, or proposed to be paid, issued or given to any such promoter in his capacity as a promoter and the consideration for such payment, issue or benefit. Where the interest of such promoter consists in being a member of a partnership, Issuer, syndicate or other association of persons, the nature and extent of the interest of such partnership, Issuer, syndicate or other association, and the nature and extent of such promoter's interest in the partnership, Issuer, syndicate or other association.
- 21) A statement of all sums paid or agreed to be paid within the 3 years immediately preceding the date of publication of the listing prospectus, to any director or to any Issuer in which he is beneficially interested, directly or indirectly, or of which he is director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the Issuer, partnership, syndicate or other association in connection with the promotion or formation of the Issuer.
- 22) Where securities are issued in connection with any merger, division of a Issuer, takeover offer, acquisition of an undertaking's assets and liabilities or transfer of assets-
 - a. a statement of the aggregate value of the consideration for the transaction and how it was or is to be satisfied;
 - b. if the total emoluments receivable by the directors of the Issuer shall be varied in consequence of the transaction, full particulars of the variation; if there shall be no variation, a statement to that effect; and
 - c. if the business of the Issuer or any of its subsidiaries or any part thereof is managed or is proposed to be managed by a third party under a contract or arrangement, the name and address (or the address of its registered office, if Issuer) of such third party and a description of the business so managed or to be managed and the

consideration paid in terms of the contract or arrangement and any other pertinent details relevant to such contract or arrangement.

- 23) A description of the group's principal activities, stating the main categories of products sold and/or services performed. Where the Issuer or its subsidiaries carries on or proposes to carry on two or more businesses which are material having regard to the profits or losses, assets employed or to be employed, or any other factor, information as to the relative importance of each such business.
- 24) For the business(es) described in subparagraph (23), the degree of any government protection and of any investment encouragement law affecting the business(es).
- 25) Information on any significant new products and/or activities.
- 26) A breakdown of net turnover during the last 5 financial years by categories of activity and into geographical markets in so far as such categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services falling within the group's ordinary activities are organised.
- 27) The location, size and tenure of the group's principal establishments and summary information about land or buildings owned or leased. Any establishment which accounts for more than 10% of net turnover or production shall be considered a principal establishment.
- 28) Details of any material changes in the businesses of the Issuer during the past 5 years.
- 29) Where the information given under subparagraphs (23) to (28) has been influenced by exceptional factors, that fact shall be mentioned.
- 30) Summary information regarding the extent to which the group is dependent, if at all, on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes, where such factors are of fundamental importance to the group's business or profitability.
- 31) Particulars of royalties payable or items of a similar nature in respect of the Issuer and any of its subsidiaries.
- 32) Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the recent past (covering at least the previous 9 months) a significant effect on the group's financial position or an appropriate negative statement.
- 33) Information on any interruptions in the group's business which may have or have had during the recent past (covering at least the previous 9 months) a significant effect on the group's financial position.
- 34) A description, with figures, of the main investments made, including interests such as shares, debt securities etc., in other undertakings over the last 5 financial years and during the current financial year.

- 35) Information concerning the principal investments (including new plant, factories, years and during the current financial year and research and development) being made, with the exception of interests being acquired in other undertakings, including-
- a. the geographical distribution of these investments (home and abroad); and
 - b. the method of financing such investments (internal or external).
- 36) Information concerning the group's principal future investments (including new plant, factories, and research and development) (if any), with the exception of interests to be acquired in other undertakings, on which the issuers directors have already made firm commitments.
- 37) Information concerning policy on the research and development of new products and processes over the past three financial years, where significant.
- 38) The basis for any statements made by the Issuer regarding its competitive position shall be disclosed.

4. Operating and financial review and prospects (The recent development and prospects of the group)

- 1) Unless otherwise agreed by the Exchange in exceptional circumstances-
- a. general information on the trend of the group's business since the end of the financial year to which the last published annual accounts relate, and in particular-
 - i. the most significant recent trends in production, sales and securities and the state of the order book; and
 - ii. recent trends in costs and selling prices; and
 - iii. information on the group's prospects for at least the current financial year. Such information shall relate to the financial and trading prospects of the group together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the prospectus and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.
- 2) Provide information on the risk factors that are specific to the Issuer or its industry and make an offering speculative or on high risk in a section headed "Risk Factors".
- 3) Describe the-
- a. extent that the financial statements disclose material changes in net revenues, provide a narrative discussion of the extent to which such changes are attributable to changes in prices or to changes in the volume or amount of products or services being sold or to the introduction of new products or services;

- b. impact of inflation if material - if the currency in which financial statements are presented is of a country that has experienced hyperinflation, the existence of such inflation, a five year history of the annual rate of inflation and discussion of the impact of the hyperinflation on the Issuer's business shall be disclosed;
 - c. impact of foreign currency fluctuations on the Issuer, if material, and the extent to which foreign currency net investments are hedged by the currency borrowing and other hedging instruments; and
 - d. impact of any material governmental factors that have materially affected or could materially affect, directly or indirectly the Issuer's operations or investments by the host country shareholders.
- 4) Where a profit forecast or estimate appears, the principal assumptions upon which the Issuer has based its forecast or estimate shall be stated ; where so required, the forecast or estimate shall be examined and reported on by the reporting accountants or auditors and their report shall be set out; there shall also be set out a report from the sponsor confirming that the forecast has been made after due and careful enquiry by the directors.
 - 5) The opinion of the directors, stating the grounds therefor, as to the prospects of the business of the Issuer and of its subsidiaries and of any subsidiary or business undertaking to be acquired, together with any material information which may be relevant thereto.

5. Directors and employees

- 1) The full name, age(or date of birth) home or business address, nationality and function in the group of each of the following persons and an indication of the principal activities performed by them outside the group where these are significant with respect to the group-
 - a. directors, alternate and proposed directors of the Issuer and each of its material subsidiaries;
 - b. the secretary of the Issuer, with details of professional qualifications, if any;
 - c. details of other directorships;
 - d. founders, if the Issuer has been established for fewer than 5 years; and
 - e. in the case of a new applicant, any senior manager with responsibility
 - f. for the management of the group's major business; and
 - g. the nature of family relationship if any.
- 2) A description of other relevant business interests and activities of every such person as is mentioned in subparagraph (1) and, if required by the Exchange particulars of any former forename or surname of such persons.
- 3) The total aggregate of the remuneration paid and benefits in kind granted to the directors of the Issuer by any member of the group during the last completed financial year under any description whatsoever.

- 4) A statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director holding in excess of 3 % of the share capital of the Issuer, distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of publication of the prospectus, or if there has been no such change, disclosure of that fact.
- 5) All relevant particulars regarding the nature and extent of any interests of directors of the Issuer in transactions which are or were unusual in their nature or conditions or significant to the business of the group, and which were effected by the Issuer-
 - a. during the current or immediately preceding financial year; or
 - b. during an earlier financial year and remain in any respect outstanding or unperformed; or an appropriate negative statement.
- 6) The total of any outstanding loans granted by any member of the group to the directors and also of any guarantees provided by any member of the group for their benefit.
- 7) Details of any schemes for involving the staff in the capital of any member of the group.
- 8) Particulars of any arrangement under which a director of the Issuer has waived or agreed to waive future emoluments together with particulars of waivers of such emoluments which occurred during the past financial year.
- 9) An estimate of the amounts payable to directors of the Issuer, including proposed directors, by any member of the group for the current financial year under the arrangements in force at the date of the listing prospectus.
- 10) Details of existing or proposed directors' service contracts (excluding contracts previously made available for inspection in accordance with paragraph 3 and not subsequently varied); such details to include the matters specified in (a) to (g) below or an appropriate negative statement-
 - a. the name of the employing Issuer;
 - b. the date of the contract, the unexpired term and details of any notice periods;
 - c. full particulars of the director's remuneration including salary and other benefits;
 - d. any commission or profit sharing arrangements;
 - e. any provision for compensation payable upon early termination of the contract;
 - f. details of any other arrangements which are necessary to enable investors to estimate the possible liability of the Issuer upon early termination of the contract; and
 - g. details relating to restrictions prohibiting the director, or any person acting on his behalf or connected to him, from any dealing in securities of the Issuer during a close

period or at a time when the director is in possession of unpublished price sensitive information in relation to those securities.

- 11) A summary of the provisions of the memorandum and articles of association of the Issuer with regards to-
 - a. any power enabling a director to vote on a proposal, arrangement, or contract in which he is materially interested;
 - b. any power enabling the directors, in the absence of an independent quorum, to vote remuneration (including pension or other benefits) to themselves or any members of their body; and
 - c. retirement or non-retirement of directors under an age limit.
- 12) Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in subparagraph (1) was selected as a director or member of senior management.
- 13) The average numbers of employees and changes therein over the last 5 financial years (if such changes are material), with, if possible, a breakdown of persons employed by main categories of activity.
- 14) Details relating to the Issuer's audit committee, remuneration committee and nomination committee including the names of committee members and a summary of the terms of reference under which the committee operates.

6. Major shareholders and related party transactions

- 1) The following information shall be provided regarding the Issuer's major shareholders, which means shareholders that are the beneficial owners of at least 3% or more of each class of the Issuer's voting securities-
 - a. provide the names of the major shareholders, and the number of shares and the percentage of outstanding shares of each class owned by each of them as of the most recent practicable date, or an appropriate negative statement if there are no major shareholders;
 - b. disclose any significant change in the percentage ownership held by any major shareholders during the past three years; and
 - c. indicate whether the Issuer's major shareholders have different voting rights, or an appropriate negative statement.
- 2) Information shall be provided as to the portion of each class of securities held in Uganda and the number of shareholders in Uganda.
- 3) To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled by another corporation(s), by any foreign government or by any other natural

or legal person(s) severally or jointly, and, if so, give the name(s) of such controlling corporation(s), government or other person(s), and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote.

- 4) Describe any arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.
- 5) In so far as is known to the Issuer, the name of any person other than a director who, directly or indirectly, is interested in 10 % or more of the Issuer's capital, together with the amount of each such person's interest or, if there are no such persons.
- 6) Provide the information required by (a) and (b) of this subparagraph for the period since the beginning of the Issuer's preceding 5 financial years up to the date of the document, with respect to transactions or loans between the Issuer and-
 - a. enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the Issuer;
 - b. associates;
 - c. individuals owning, directly or indirectly, an interest in the voting power of the Issuer that gives them significant influence over the Issuer, and close members of any such individual's family;
 - d. key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Issuer, including directors and senior management of companies and close members of such individuals' families; and
 - e. enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Issuer and enterprises that have a member of key management in common with the Issuer. Shareholders beneficially owning a 15% interest in the voting power of the Issuer are presumed to have a significant influence on the Issuer
 - f. the nature and extent of any transactions or presently proposed transactions which are material to the Issuer or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the Issuer or any of its parent or subsidiaries was a party.
 - g. the amount of outstanding loans (Including guarantees of any kind) made by the Issuer or any of its parent or subsidiaries to or for the benefit of any of the persons listed above. The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, the nature of the loan and the transaction in which it was incurred, and the interest rate on the loan.
 - h. Full information of any material inter-Issuer finance.

- i. Where a statement or report attributed to a person as an expert is included in the prospectus, a statement that it is included, in the form and context in which it is included, with the written consent of that person, who has authorised the contents of that part of the prospectus, and has not withdrawn his consent.
- j. If any of the named experts was employed on a contingent basis, owns an amount of shares in the Issuer or its subsidiaries which is material to that persons, or has a material, direct or indirect economic interest in the Issuer or that depends on the success of the offering, provide a brief description of the nature and terms of such contingency or interest.

7. Financial information

- 1) A statement that the annual accounts of the Issuer for the last 5 financial years have been audited. If audit reports on any of those accounts have been refused by the auditors or contain qualifications, such refusal or such qualifications shall be reproduced in full and the reasons given.
- 2) A statement of what other information in the prospectus has been audited by the auditors.
- 3) Financial information as required by subparagraphs (14) and (15) set out in the form of a comparative table together with any subsequent interim financial statements if available.
- 4) Financial information as required by subparagraphs (14) and (15) set out in the form of an accountants' report.
- 5) If applicable, an accountants' report, as set out in subparagraphs (14) and (15) on the asset the subject of the transaction.
- 6)
 - a) if the Issuer prepares consolidated annual accounts only, it shall include those accounts in the prospectus in accordance with subparagraph (3) and (4); or
 - b) if the Issuer prepares both own and consolidated annual accounts, it shall include both sets of accounts in the prospectus in accordance with subparagraph (3) or (4). However, the Issuer may exclude its own accounts on condition that they do not provide any significant additional information to that contained in the consolidated accounts-
- 7)
 - a) where the Issuer includes its own annual accounts in the prospectus, it shall state the profit or loss per share arising out of the Issuer's ordinary activities, after tax for each of the last 5 financial years; or
 - b) where the Issuer includes consolidated annual accounts in the prospectus, it shall state the consolidated profit or loss per share for each of the last 5 financial years; this information shall appear in addition to that provided in accordance with subparagraph (7) (a) where the Issuer also includes its own annual accounts in the prospectus.
- 8) If, in the course of the last 5 financial years, the number of shares in the Issuer has changed as a result, for example, of an increase in or reduction or reorganisation of capital, the profit

or loss per share referred to in subparagraph (6) shall be adjusted to make them comparable; in that event the basis of adjustment used shall be disclosed.

9) Particulars of-

- a. the dividend policy to be adopted;
- b. the pro-forma balance sheet prior to and immediately after the proposed issue of securities; and
- c. the effect of the proposed issue of securities on the net asset value per share, and the particulars shall be prepared and presented in accordance with International Accounting Standards. If the Issuer is a holding Issuer, the information shall be prepared in consolidated form.

10) The amount of the total dividends, the dividend per share and the dividend cover for each of the last three financial years, adjusted, if necessary, to make it comparable in accordance with subparagraph (7).

11) a) Where not more than nine months have elapsed since the end of the financial year to which the last published annual accounts relate, an interim audited financial statement covering at least the first six months following the end of that financial year shall be included in or appended to the prospectus. Where not more than 6 months have elapsed since the end of the financial year, unaudited financial statements covering the period preceding the 6 months shall be included in or appended to the prospectus.

b) Where the Issuer prepares consolidated annual accounts, the interim financial statement shall either be a consolidated statement or include a statement that, in the opinion of the Issuer's directors, the interim financial statement enables investors to make an informed assessment of the results and activities of the group for the period.

12) A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.

13) If the Issuer's own annual or consolidated annual accounts do not give a true and fair view of the assets information shall be given, In the case of issuers incorporated in a country which are not obliged to draw up their accounts so as to give a true and fair view, but are required to draw them up to an equivalent standard, the latter may be sufficient.

14) A table showing the changes in financial position of the group over each of the last 5 financial years in the form of a cash flow statement.

15) a) Information in respect of the matters listed below relating to each undertaking in which the Issuer holds (directly or indirectly) on a long term basis an interest in the capital likely to have a significant effect on the assessment of the Issuer's own assets and liabilities, financial position or profits and losses-

- i. the name and address of the registered office;
 - ii. the field of activity;
 - iii. the proportion of capital held;
 - iv. the issued capital;
 - v. the reserves;
 - vi. the profit or loss arising out of ordinary activities, after tax, for the last financial year;
 - vii. the value at which the Issuer shows in its accounts the interest held;
 - viii. any amount still to be paid up on shares held;
 - ix. the amount of dividends received in the course of the last financial year in respect of shares held; and
 - x. the amount of the debts owed to and by the Issuer with regard to the undertaking;
- b. the items of information listed in (a) above shall be given in any event for every undertaking in which the Issuer has a direct or indirect participating interest, if the book value of that participating interest represents at least 20% of the capital and reserves of the Issuer or if that interest accounts for at least 20% of the net profit or loss of the Issuer or, in the case of a group, if the book value of that participating interest represents at least 20% of the consolidated net assets or accounts for at least 20% of the consolidated net profit or loss of the group;
- c. the information required by (a)(v) and (vi) above may be omitted where the undertaking in which a participating interest in which is held does not publish annual accounts; and
- d. the information required by (a)(iv) to (x) above may be omitted if the annual accounts of the undertakings in which the participating interests are held are consolidated into the group annual accounts or, with the exception of (a)(x) above, if the value attributable to the interest under the equity method is disclosed in the annual accounts, provided that in the opinion of the Exchange the omission of the information is not likely to mislead the public with regard to the facts and circumstances, knowledge of which is essential for the assessment of the securities in question.
- 16) The name, registered office and proportion of capital held in respect of each undertaking not failing to be disclosed under subparagraph (15) (a) or (b) in which the Issuer holds at least 20% of the capital. These details may be omitted when they are of negligible importance for the purpose of enabling investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and

prospects of the Issuer or group and of the rights attaching to the securities for which application is made.

- 17) When the prospectus include consolidated annual accounts, disclosure-
- a. of the consolidation principles applied (which shall be described explicitly where such principles are not consistent with generally accepted accounting practice in Uganda);
 - b. of the names and registered offices of the undertakings included in the consolidation, where that information is important for the purpose of assessing the assets and liabilities, financial position and profits and losses of the Issuer; it is sufficient to distinguish them by a symbol in the list of undertakings of which details are required in subparagraph(1)5; and
 - c. for each of the undertakings referred to in (b) above:
 - I. the total proportion of third-party interests, if annual accounts are wholly consolidated: or
 - II. the proportion of the consolidation calculated on the basis of interests, if consolidation has been effected on a pro rata basis.
- 18) Particulars of any arrangement under which future dividends are waived or agreed to be waived.
- 19) a) Details on a consolidated basis as at the most recent practicable date (which shall be stated and which in the absence of exceptional circumstances shall not be more than 14 days prior to the date of publication of the prospectus) of the following, if material-
- i. the borrowing powers of the Issuer and its subsidiaries exercisable by the directors and the manner in which such borrowing powers may be varied;
 - ii. the circumstances, if applicable, if the borrowing powers have been exceeded during the past three years. Any exchange control or other restrictions on the borrowing powers of the Issuer or any of its subsidiaries.
 - iii. the total amount of any loan capital outstanding in all members of the group, and loan capital created but unissued, and term loans, distinguishing between loans guaranteed, unguaranteed, secured (whether the security is provided by the Issuer or by third parties), and unsecured;
 - iv. all off-balance sheet financing by the Issuer and any of its subsidiaries
 - v. the total amount of all other borrowings and indebtedness in the nature of borrowing of the group, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debts, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments and obligations under finance leases;

- vi. the total amount of any material commitments, lease payments and contingent liabilities or guarantees of the group; or
 - vii. how the borrowings required to be disclosed by paragraphs (iii) to (vii) above arose, stating whether they arose from the purchase of assets by the Issuer or any of its subsidiaries; or
 - b) an appropriate negative statement shall be given in each case where relevant, in the absence of any loan capital, borrowings, indebtedness and contingent liabilities described in (a) above; as a general rule, no account should be taken of liabilities or guarantees between undertakings within the same group, a statement to that effect being made if necessary
 - c) for each item identified in (a) above, where applicable-
 - i. the names of the lenders if not debenture holders;
 - ii. the amount, terms and conditions of repayment or renewal;
 - iii. the rates of interest payable on each item;
 - iv. details of the security, if any;
 - v. details of conversion rights; and
 - vi. where the Issuer or any of its subsidiaries has debts which are repayable within 12 months, state how the payments are to be financed.
 - d) if the Issuer prepares consolidated annual accounts, the principles laid down in paragraph 7 (b) apply to the information set out in this subparagraph (18).
- 20) Details of material loans by the Issuer or by any of its subsidiaries stating:
- i. the date of the loan;
 - ii. to whom made;
 - iii. the rate of interest;
 - iv. if the interest is in arrears, the last date on which it was paid and the extent of the arrears;
 - v. the period of the loan;
 - vi. the security held;
 - vii. the value of such security and the method of valuation;
 - viii. if the loan is unsecured, the reasons therefor; and
 - ix. if the loan was made to another Issuer, the names and addresses of the directors of such Issuer.
- 21) Details as described in subparagraph (20) above of loans made or security furnished by the Issuer or by any of its subsidiaries made for the benefit of any director or manager or any associate of any director or manager.
- 22) Disclose how the loans receivable arose, stating whether they arose from the sale of assets by the Issuer or any of its subsidiaries.

- 23) A statement that in the opinion of the directors, the issued capital of the Issuer (including the amount to be raised in pursuance of this issue) is adequate for the purposes of the business of the Issuer and of its subsidiaries for the foreseeable future, and if they are of the opinion that it is inadequate, the extent of the inadequacy and the manner in which and the sources from which the Issuer and its subsidiaries are, or are to be financed. The statement should be supported by a report from the Issuer's auditor, reporting accountant, merchant banker, sponsoring broker or other adviser acceptable to the Exchange.
- 24) The foreseeable future should normally be construed as the 9 months subsequent to the date of the publication of the prospectus.
- 25) The following information regarding the acquisition, within the last 5 years, or proposed acquisition by the Issuer or any of its subsidiaries, of any securities in or the business undertaking of any other Issuer or business enterprise or any immovable property or other property in the nature of a fixed asset (collectively called "the property") or any option to acquire such property-
- a. the date of any such acquisition or proposed acquisitions;
 - b. the consideration, detailing that settled by the issue of securities, the payment of cash or by any other means, and detailing how any outstanding consideration is to be settled;
 - c. details of the valuation of the property;
 - d. any goodwill paid and how such goodwill was or is to be accounted for;
 - e. any loans incurred, or to be incurred, to finance the acquisition, or proposed acquisition;
 - f. the nature of title or interest acquired or to be acquired; and
 - g. the details regarding the vendors as described in subparagraph 9 (1).
- 26) The following details regarding any property disposed of during the past 5 years, or to be disposed of, by the Issuer, or any of its subsidiaries-
- a. the dates of any such disposal or proposed disposal;
 - b. the consideration received, detailing that settled by the receipt of securities, or cash or by any other means and detailing how any outstanding consideration is to be settled;
 - c. details of the valuation of the property; and
 - d. the names and addresses of the purchasers of assets sold. If any purchaser was a Issuer, the names and addresses of the beneficial shareholders of the Issuer. If any promoter or director had any interest, directly or indirectly, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest.
- 27) Where the financial statements provided in response to subparagraphs (1) and are prepared in a currency other than Uganda Shilling, disclosure of the exchange rate

between the financial reporting currency and Uganda Shilling should be provided, using the mean exchange rate designated by the Bank of Uganda for this purpose, if any-

- a. at the latest practicable date;
- b. the high and low exchange rates for each month during the previous months; and
- c. for the five most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each period, calculated by using the average of the exchange rates on the last day of each month during the period.

8. The offer and listing

- 1) An indication whether or not all the shares have been marketed or are available in whole or in part to the public in conjunction with the application.
- 2) A statement of the resolutions, authorisations and approvals by virtue of which the shares have been or will be created and/or issued.
- 3) The nature and amount of the issue.
- 4) The number of shares which have been or shall be created and/or issued, if predetermined.
- 5)
 - a. A summary of the rights attaching to the shares for which application is made, and in particular the extent of the voting rights, entitlement to share in the profits and, in the event of liquidation, in any surplus and any other special rights. Where there is or is to be more than one class of shares of the Issuer in issue, like details shall be given for each class;
 - b. If the rights evidenced by the securities being offered or listed are or may be materially limited or qualified by the rights evidenced by any other class of securities or by the provisions of any contract or other documents, include information regarding such limitation or qualification and its effect on the rights evidenced by the securities to be listed or offered.
- 6) The time limit (if any) after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates.
- 7) A statement regarding tax on the income from the shares withheld at source-
 - a. in the country of origin; and
 - b. in Uganda.
- 8) Arrangements for transfer of the shares and (where permitted) any restrictions on their free transferability (for example, provisions requiring transfers to be approved).
- 9) The fixed date(s) (if any) on which entitlement to dividends arise.
- 10) Other securities exchanges (if any) where admission to listing is being or shall be sought.

- 11) The names and addresses of the issuers' registrars and paying agents for the shares in the member states where admission to listing has taken place.
- 12) The following information shall be given concerning the terms and conditions of the issue and placing, public or private, of the securities in respect of which the application for admission is made where such issue or placing is being effected at the same time as admission or has been effected within the 3 months preceding admission-
- a. a statement of any right of pre-emption of shareholders exercisable in respect of the shares or of the disapplication of such right (and where applicable, a statement of the reasons for the disapplication of such right; in such cases, the directors' justification of the issue price where the issue is for cash; if the disapplication of the right of pre-emption is intended to benefit specific persons, the identity of those persons);
 - b. the total amounts which have been or are being issued or placed and the number of shares offered, where applicable by category;
 - c. if a public or private issue or placing has been or is being made simultaneously on the markets of two or more countries and if a tranche has been or is being reserved for certain of these, details of any such tranche:
 - i. the issue price or offer or placing price, stating the nominal value or, in its absence, the accounting par value or the amount to be capitalised;
 - ii. the issue premium and the amount of any expenses specifically charged to any subscriber or purchaser; and
 - iii. the methods of payment of the price, particularly as regards the paying-up of shares which are not fully paid;
 - d. the procedure for the exercise of any right of pre-emption, the transferability of subscription rights and the treatment of subscription rights not exercised;
 - e. the period during which the issue or offer remained open or shall remain open after publication of the prospectus, and the names of the receiving agents;
 - f. the names, addresses and descriptions of the persons underwriting or guaranteeing the issue for the Issuer;
 - g. i) where the underwriter is an Issuer, the description shall include-
 - (aaa) the place and date of incorporation and registered number of the Issuer;
 - (bbb) the names of the directors of the Issuer;
 - (ccc) the name of the secretary of the Issuer;
 - (ddd) the bankers to the Issuer; and

(eee) the authorised and issued share capital of the Issuer.

ii) where not all of the issue has been or is being underwritten or guaranteed, a statement of the portion not covered;

h. the estimated net proceeds accruing to the Issuer from the issue and the intended application of such proceeds. If the capital offered is more than the amount of the minimum subscription referred to in subparagraph (13) of this paragraph, the reasons for the difference between the capital offered and the said minimum subscription.

13) The minimum amount which, in the opinion of the directors, shall be raised by the issue of the securities in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums required to be provided, in respect of each of the following matters-

a. the purchase price of any property, as referred to in subparagraph 7 (25), purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;

b. any preliminary expenses payable by the Issuer, and any commission payable to any person in consideration for his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for or of his underwriting any securities of the Issuer;

c. the repayment of any moneys borrowed in respect of any of the foregoing matters;

d. working capital, stating the specific purposes for which it is to be used and the estimated amount required for each such purpose;

e. any other material expenditure, stating the nature and purposes thereof and the estimated amount in each case;

f. the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue, and the sources from which those amounts are to be provided; and

g. if the proceeds are being used directly or indirectly to acquire assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets shall be acquired from affiliates of the Issuer or associates, disclose the person from whom they shall be acquired and how the cost to the Issuer shall be determined.

14) A description of the shares for which application is made and, in particular, the number of shares and nominal value per share or, in the absence of nominal value, the accounting par value or the total nominal value, the exact designation or class, and coupons attached.

15) If shares are to be marketed and no such shares have previously been sold to the public, a statement of the number of shares made available to the market (if any) and of their nominal value, or, if they have no nominal value, of their accounting par value, or a

statement of the total nominal value and, where applicable, a statement of the minimum offer price.

- 16) The dates on which the shares shall be admitted to listing and on which dealings shall commence.
- 17) The names of the securities exchanges (if any) on which shares of the same class are already listed.
- 18) If during the period covered by the last financial year and the current financial year, there has occurred any public takeover offer by a third party in respect of the Issuer's shares, or any public takeover offer by the Issuer in respect of another Issuer's shares, a statement to that effect and a statement of the price or exchange terms attaching to any such offers and the outcome thereof.
- 19) Where the shares for which application is being made are offered by way of rights, open offer or otherwise or allotted by way of capitalisation of reserves or undistributed profits, to the holders of an existing listed security, the following information shall be given-
 - a. the *pro rata* entitlement;
 - b. the last date on which transfers were or will be accepted for registration for participation in the issue;
 - c. how the shares rank for dividend or interest;
 - d. whether the shares rank *pari passu* with any existing listed securities;
 - e. the nature of the document of title (if any) and its proposed date of issue;
 - f. how any fractions shall be treated;
 - g. details regarding the proposed listing of the letters of allocation, the subsequent listing of the new securities and the amount payable in respect of listing fees;
 - h. details regarding the letters of allocation such as-
 - i. acceptance;
 - ii. renunciation;
 - iii. splitting; and
 - iv. payment (payment shall be made in Ugandan currency);
 - i. in the case of a rights issue or open offer, how shares not taken up shall be dealt with and the time in which the offer may be accepted;
 - j. in the case of a capitalisation issue-
 - i. the reason for the capitalisation issue;

- ii. whether or not the documents of title (if any) are renounceable; and
 - iii. a statement in bold and uppercase, on the front page, drawing shareholders' attention to the type of election to be made (i.e. whether shareholders shall receive either cash or scrip if they fail to make the election); and
- k. a statement pointing out possible tax implications for non-residents.
- 20) State the relative facts where it is the intention in the event of over subscription to extend a preference on allotment to any particular Issuer or group such as employees and pension funds
- 21) A statement whether the shares are in registered form and, whether they shall be held in a dematerialised form.
- 22) Where the shares for which application is being made are being marketed by an Issuer without equity shares already listed, details of the aggregate number of shares (if any) reserved for allocation to existing shareholders, directors, employees and past employees of the Issuer or of its subsidiary undertakings and details of any other preferential allocation arrangements.
- 23) Where the shares for which application is being made are shares of a class which is already listed, being offered by way of rights or open offer, a table of market values for the securities of the class to which the rights issue or offer relates for the first dealing day in each of the six months before the date of the particulars, for the last dealing day before the announcement of the rights issue or offer and (if different) the latest practicable date prior to publication of the particulars.
- 24) Where the shares for which application is being made are shares of a class which is already listed information regarding the price history of the securities to be offered or listed shall be disclosed as indicated from (a) to (d) below. This information shall be given with respect to the market price at the securities exchange at which the shares are listed in Uganda and the principal trading market outside Uganda. If significant trading suspensions occurred in the prior three years, they shall be disclosed-
- a. for the five most recent full financial years: the annual high and low market prices;
 - b. for the two most recent full financial years and any subsequent period: the high and low market prices for each full financial quarter;
 - c. for the most recent six months: the high and low market prices for each month; and
 - d. for pre-emptive issues, the market prices for the first trading day in the most recent six months, for the last trading day before the announcement of the offering and (if different) for the latest practicable date prior to publication of the document.
- 25) A statement whether the Issuer assumes responsibility for the withholding of tax at source.

- 26) To the extent known to the Issuer, indicate whether major shareholders, directors or members of the Issuer's management, supervisory or administrative bodies intend to subscribe in the offering, or whether any person intends to subscribe for more than 5% of the offering.
- 27) Identify any group of targeted potential investors to whom the securities are offered. If the offering is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.
- 28) If securities are reserved for allocation to any group of targeted investors, including, for example, offerings to existing shareholders, directors, or employees and past employees of the Issuer or its subsidiaries, provide details of these and any other preferential allocation arrangements.
- 29) Indicate whether the amount of the offering could be increased, such as by the exercise of an underwriter's over-allotment option or "greenshoe," and by how, much.
- 30) Indicate the amount, and outline briefly the plan of distribution, of any securities that are to be offered otherwise than through underwriters. If the securities are to be offered through the selling efforts of brokers or dealers, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify the broker/dealer(s) that shall participate in the offering and state the amount to be offered through each.
- 31) If the securities are to be offered in connection with the writing of exchange-traded call options where applicable, describe briefly such transactions.
- 32) Where there is a substantial disparity between the public offering price and the effective cash cost to directors or senior management, or affiliated persons, of equity securities acquired by them in transactions during the past five years, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offering and the effective cash contributions of such persons.
- 33) Disclose the amount and %age of immediate dilution resulting from the offering, computed as the of security, as of the latest balance sheet date difference between the offering price per share and the net book value per share for the equivalent class.

34) In the case of a subscription offering to existing shareholders, disclose the amount and %age of immediate dilution if they do not subscribe to the new offering.

35) The following information on expenses shall be provided-

- a. the total amount of the discounts or commissions agreed upon by the underwriters or other placement or selling agents and the issuer or offeror shall be disclosed, as well as the %age such commissions represent of the total amount of the offering and the amount of discounts or commissions per share;
- b. an itemised statement of the major categories of expenses incurred in connection with the issuance and distribution of the securities to be listed or offered and by whom the expenses are payable, if other than the Issuer. If any of the securities are to be offered for the account of a selling shareholder, indicate the portion of such expenses to be borne by such shareholder. The information may be given subject to future contingencies. If the amounts of any items are not known, estimates (identified as such) shall be given;
- c. a statement or estimate of the overall amount and/or of the amount per share of the charges relating to the issue payable by the Issuer, stating the total remuneration of the intermediaries, including the underwriting commission or margin, guarantee commission, placing commission or selling agent's commission.

9. Vendors

- 1) The names and addresses of the vendors of any assets purchased or acquired by the Issuer or any subsidiary Issuer during the 5 years preceding the publication of the prospectus or proposed to be purchased, or acquired, on capital account and the amount paid or payable in cash or securities to the vendor, and where there is more than one separate vendor, the amount so paid or payable to each vendor, and the amount (if any) payable for goodwill or items of a similar nature. The cost of assets to the vendors and dates of purchase by them if within the preceding 5 years. Where the vendor is an Issuer, the names and addresses of the beneficial shareholders, direct and indirect, of the Issuer if required by the Exchange. Where this information is unobtainable, the reasons therefor are to be stated.
- 2) State whether or not the vendors have guaranteed the book debts or other assets and whether or not "normal" warranties have been given.
- 3) State whether the vendors agreements preclude the vendors from carrying on business in competition with the Issuer or any of its subsidiaries, or impose any other restriction on the vendor, also details of any cash or other payment regarding restraint of trade and the nature of such restraint of trade.
- 4) State how any liability for accrued taxation, or any apportionment, thereof to the date of acquisition, shall be settled in terms of the vendors' agreements.
- 5) Where securities are purchased in a subsidiary Issuer, a reconciliation between the amounts paid for the securities and the value of the net assets of that Issuer. Where securities are purchased in other than subsidiary companies, a statement as to how the value of the securities was arrived at.

- 6) Where any promoter or director had any beneficial interest, direct or indirect, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest. Where the vendors or any of them are a partnership, the members of the partnership shall not be treated as separate vendors.
- 7) The amount of any cash or securities paid or benefit given within 5 preceding years or proposed to be paid or given to any promoter not being a director, and the consideration for such payment or benefit.
- 8) State whether the assets acquired have been transferred into the name of the Issuer or any of its subsidiary companies and whether or not the assets have been ceded or pledged.

APPENDIX 2
DISCLOSURE REQUIREMENTS FOR FIXED INCOME SECURITIES MARKET SEGMENT
(FISMS) FOR PUBLIC ISSUES

1. Identity of directors, senior management and advisers (i.e. persons responsible for the information disclosed)

1) The name, home or business address and function of each of the persons giving the declaration set out in subparagraph (3).

2) A declaration in the following form-

“The directors of [the Issuer], whose names appear on page [] of the prospectus, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with facts and does not omit anything likely to affect the import of such information.”

3) The names, addresses and qualifications of the auditors who have audited the Issuer's annual accounts in accordance with national law for the last three financial years.

4) If auditors have resigned, have been removed or have not been re-appointed during the last two financial years and have deposited a statement with the Issuer of circumstances which they believe should be brought to the attention of members and creditors of the Issuer, details of such matters shall be disclosed.

5) The names and addresses of the Issuer's bankers, legal advisers and sponsor, legal advisers to the issue, reporting accountants and any other expert to whom a statement or report included in the prospectus has been attributed.

2. Offer statistics and expected timetable

1) a) a statement that the Exchange has approved the listing of the shares at the Fixed Income Securities Market Segment of the Exchange; and
b) a cautionary statement.

2) A statement that a copy of the prospectus has been delivered to the Registrar of Companies.

3. Information on the Issuer

1) The name, registered office and, if different, head office of the Issuer. If the Issuer has changed its name within the last three years, the previous name shall be printed in bold type under the new name.

2) The country of incorporation of the Issuer.

- 3) The date of incorporation and the length of life of the Issuer, except where indefinite.
- 4) The legislation under which the Issuer operates and the legal form which it has adopted under that legislation.
- 5) A description of the Issuer's principal objects and reference to the clause of the memorandum of association in which they are described.
- 6) The place of registration of the Issuer and its registration number.
- 7) A statement that for a period of not less than five working days from the date of the particulars or for the duration of any offer to which the particulars relate, if longer, at a named place as the Exchange may agree, the following documents (or copies thereof), where applicable the following documents could be inspected-
 - a. the memorandum and articles of association of the Issuer;
 - b. any trust deed of the Issuer and any of its subsidiary undertakings which is referred to in the particulars;
 - c. each document mentioned in subparagraphs (18) (material contracts) and 5(3) (directors' service contracts) or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;
 - d. copies of service agreements with managers or secretary; underwriting agreements, vendors' agreements, promoters' agreements entered into during the last two years;
 - e. the latest certified appraisals or valuations relative to movable and immovable property and items of a similar nature, if applicable;
 - f. all reports, letters, and other documents, balance sheets, valuations and statements by any expert any part of which is included or referred to in the prospectus;
 - g. written statements signed by the auditors or accountants setting out the adjustments made by them in arriving at the figures shown in any accountants' report included pursuant to subparagraph 7 (4) and giving the reasons therefor; and
 - h. the audited accounts of the Issuer or, in the case of a group, the consolidated audited accounts of the Issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the prospectus, including, in the case of a Issuer incorporated in Uganda, all notes, reports or information required by the Companies Act.
- 8) Where any of the documents listed in subparagraph (7) are not in the English language, translations into English shall also be available for inspection. In the case of any document mentioned in subparagraph (18) (material contracts), a translation of a summary of such document may be made available for inspection if the Exchange so agrees.

- 9) The amount of the Issuer's authorised and issued capital and the amount of any capital agreed to be issued, the number and classes of the shares of which it is composed with details of their principal characteristics; if any part of the issued capital is still to be paid up, a statement of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down, where applicable, according to the extent to which they have been paid up.
- 10) The names of the persons, so far as they are known to the Issuer, who, directly or indirectly, jointly or severally, exercise or could exercise control over the Issuer, and particulars of the proportion of the voting capital held by such persons. For these purposes, joint control means control exercised by two or more persons who have concluded an agreement which may lead to their adopting a common policy in respect of the Issuer.
- 11) If the Issuer has subsidiary undertakings or parent undertakings, a brief description of the group of undertakings and of the issuer's position within it stating, where the Issuer is a subsidiary undertaking, the name of and number of shares in the Issuer held (directly or indirectly) by each parent undertaking of the Issuer.
- 12) A summary of the principal contents of -
- a. each material contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the publication of the prospectus, including particulars of dates, parties, terms and conditions, any consideration passing to or from the Issuer or any other member of the group, unless such contracts have been available for inspection in the last two years in which case it will be sufficient to refer to them collectively as being available for inspection in accordance with subparagraph (7);
 - b. any contractual arrangement with a controlling shareholder required to ensure that the Issuer is capable at all times of carrying on its business independently of any controlling shareholder, including particulars of dates, terms and conditions and any consideration passing to or from the Issuer or any other member of the group.
- 13) If any contract referred to in subparagraph (18) relates to the acquisition of securities in an unlisted subsidiary, or associated Issuer, where all securities in the Issuer have not been acquired, state the reason why 100% of the shareholding was not acquired, and whether anyone associated with the controlling shareholder(s) of the Issuer, or associated companies, or its subsidiaries is interested and to what extent.
- 14) A description of the group's principal activities, stating the main categories of products sold and/or services performed. Where the Issuer or its subsidiaries carries on or proposes to carry on two or more businesses which are material having regard to the profits or losses, assets employed or to be employed, or any other factor, information as to the relative importance of each such business.

- 15) Details of any material changes in the businesses of the Issuer during the past five years.
- 16) Where the information given pursuant to subparagraphs (14) and (15) has been influenced by exceptional factors, that fact shall be mentioned.
- 17) Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the recent past (covering at least the previous four months) a significant effect on the group's financial position or an appropriate negative statement.
- 18) Information on any interruptions in the group's business which may have or have had during the recent past (covering at least the previous four months) a significant effect on the group's financial position.
- 19) Information concerning the principal investments (including new plant, factories, years and during the current financial year and research and development) being made, with the exception of interests being acquired in other undertakings, including-
 - a. the geographical distribution of these investments (home and abroad); and
 - b. the method of financing such investments (internal or external).
- 20) Information concerning the group's principal future investments (including new plant, factories, and research and development) (if any), with the exception of interests to be acquired in other undertakings, on which the issuers directors have already made firm commitments.
- 21) Information concerning policy on the research and development of new products and processes over the past three financial years, where significant.
- 22) The basis for any statements made by the Issuer regarding its competitive position shall be disclosed.

4. Operating and financial review and prospectus (The recent development and prospects of the group)

- 1) Unless otherwise agreed by the Exchange-
 - a. general information on the trend of the group's business since the end of the financial year to which the last published annual accounts relate, and in particular-
 - i. the most significant recent trends in production, sales and securities and the state of the order book; and
 - ii. recent trends in costs and selling prices; and
 - b. information on the group's prospects for at least the current financial year. Such information shall relate to the financial and trading prospects of the group

together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the prospectus and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.

- 2) Provide information on the risk factors that are specific to the Issuer or its industry and make an offering speculative or on high risk in a section headed "Risk Factors".
- 3) Where a profit forecast or estimate appears, the principal assumptions upon which the Issuer has based its forecast or estimate shall be stated ; where so required, the forecast or estimate shall be examined and reported on by the reporting accountants or auditors and their report shall be set out; there shall also be set out a report from the sponsor confirming that the forecast has been made after due and careful enquiry by the directors.
- 4) The opinion of the directors, stating the grounds therefor, as to the prospects of the business of the Issuer and of its subsidiaries and of any subsidiary or business undertaking to be acquired, together with any material information which may be relevant thereto.

5. Directors and employees

- 1) The full name, age (or date of birth) home or business address, nationality and function in the group of each of the following persons and an indication of the principal activities performed by them outside the group where these are significant with respect to the group-
 - a. directors, alternate and proposed directors of the Issuer and each of its material subsidiaries;
 - b. the secretary of the Issuer, with details of professional qualifications, if any;
 - c. details of other directorships;
 - d. founders, if the Issuer has been established for fewer than five years;
 - e. in the case of a new applicant, any senior manager with responsibility for the management of the group's major business; and
 - f. the nature of family relationship if any.
- 2) A statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director holding in excess of 3 % of the share capital of the Issuer, distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of publication of the prospectus, or if there has been no such change, disclosure of that fact.

- 3) Any arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any person referred to in paragraph 5 (1) was selected as a director or member of senior management.

6. Major shareholders and related party transactions

- 1) The following information shall be provided regarding the Issuer's major shareholders, which means shareholders that are the beneficial owners of a class of the Issuer's voting securities-
 - a. the names of the major shareholders, and the number of shares and the %age of outstanding shares of each class owned by each of them as of the most recent practicable date, or an appropriate negative statement if there are no major shareholders;
 - b. any significant change in the %age ownership held by any major shareholders during the past three years; and
 - c. whether the Issuer's major shareholders have different voting rights, or an appropriate negative statement.
- 2) To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled by another corporation(s), by any foreign government or by any other natural or legal person(s) severally or jointly, and, if so, give the name(s) of such controlling corporation(s), government or other person(s), and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote.
- 3) Describe any arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.
- 4) In so far as is known to the Issuer, the name of any person other than a director who, directly or indirectly, is interested in 10 % or more of the Issuer's capital, together with the amount of each such person's interest or, if there are no such persons.
- 5) Provide the information required on (a) and (b) below for the period since the beginning of the Issuer's preceding 5 financial years up to the date of the document, with respect to transactions or loans between the Issuer and the parties mentioned-
 - a. enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the Issuer;
 - b. associates;
 - c. individuals owning, directly or indirectly, an interest in the voting power of the Issuer that gives them significant influence over the Issuer, and close members of any such individual's family;
 - d. key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Issuer,

including directors and senior management of companies and close members of such individuals' families; and

- e. enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Issuer and enterprises that have a member of key management in common with the Issuer. Shareholders beneficially owning a 5 % interest in the voting power of the Issuer are presumed to have a significant influence on the Issuer-
 - ii. the nature and extent of any transactions or presently proposed transactions which are material to the Issuer or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the Issuer or any of its parent or subsidiaries was a party.
 - iii. the amount of outstanding loans (including guarantees of any kind) made by the Issuer or any of its parent or subsidiaries to or for the benefit of any of the persons listed above. The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, the nature of the loan and the transaction in which it was incurred, and the interest rate on the loan.

6) Full information of any material inter-Issuer finance.

7) Where a statement or report attributed to a person as an expert is included in the prospectus, a statement that it is included, in the form and context in which it is included, with the written consent of that person, who has authorised the contents of that part of the prospectus, and has not withdrawn his consent.

8) If any of the named experts was employed on a contingent basis, owns an amount of shares in the Issuer or its subsidiaries which is material to that persons, or has a material, direct or indirect economic interest in the Issuer or that depends on the success of the offering, provide a brief description of the nature and terms of such contingency or interest.

1. Financial information

1) A statement that the annual accounts of the Issuer for the last three financial years have been audited. If audit reports on any of those accounts have been refused by the auditors or contain qualifications, such refusal or such qualifications shall be reproduced in full and the reasons given.

2) A statement of what other information in the prospectus has been audited by the auditors.

- 3) Financial information as required by subparagraphs (9) to (11) set out in the form of a comparative table together with any subsequent interim financial statements if available.
- 4) Financial information as required by subparagraphs (9) to (11) set out in the form of an accountants' report.
- 5) If applicable, an accountants' report, as set out in subparagraphs (9) to (11).
- 6)
 - a) if the Issuer prepares consolidated annual accounts only, it shall include those accounts in the prospectus in accordance with subparagraph (3) or (4); or
 - b) if the Issuer prepares both own and consolidated annual accounts, it shall include both sets of accounts in the prospectus in accordance with subparagraph (3) or (4). However, the Issuer may exclude its own accounts on condition that they do not provide any significant additional information to that contained in the consolidated accounts.
- 7)
 - a) Where the Issuer includes its own annual accounts in the prospectus, it shall state the profit or loss per share arising out of the Issuer's ordinary activities, after tax for each of the last five financial years; or
 - b) where the Issuer includes consolidated annual accounts in the prospectus, it shall state the consolidated profit or loss per share for each of the last five financial years; this information shall appear in addition to that provided in accordance with (a) above where the Issuer also includes its own annual accounts in the prospectus.
- 8) A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.
- 9) If the Issuer's own annual or consolidated annual accounts do not give a true and fair view of the assets and liabilities, financial position and profits and losses of the group, more detailed and/or additional information shall be given, In the case of issuers incorporated in a country which are not obliged to draw up their accounts so as to give a true and fair view, but are required to draw them up to an equivalent standard, the latter may be sufficient.
- 10) A table showing the changes in financial position of the group over each of the last three financial years in the form of a cash flow statement.
- 11) The Accountant's report shall disclose a proforma balance sheet, profit and loss account and a cash flow projection for the next 12 months following the issues.
- 12) When the prospectus include consolidated annual accounts, disclosure-

- a. of the consolidation principles applied (which shall be described explicitly where such principles are not consistent with generally accepted accounting practice in Uganda);
 - b. of the names and registered offices of the undertakings included in the consolidation, where that information is important for the purpose of assessing the assets and liabilities, financial position and profits and losses of the Issuer; it is sufficient to distinguish them by a symbol in the list of undertakings of which details are required in subparagraph (14) and
 - c. for each of the undertakings referred to in (b) above-
 - i. the total proportion of third-party interests, if annual accounts are wholly consolidated: or
 - ii. the proportion of the consolidation calculated on the basis of interests, if consolidation has been effected on a *pro rata* basis.
- 13) a) Details on a consolidated basis as at the most recent practicable date (which shall be stated and which in the absence of exceptional circumstances shall not be more than 14 days prior to the date of publication of the prospectus) of the following, if material-
- i. the borrowing powers of the Issuer and its subsidiaries exercisable by the directors and the manner in which such borrowing powers may be varied;
 - ii. the circumstances, if applicable, if the borrowing powers have been exceeded during the past two years. Any exchange control or other restrictions on the borrowing powers of the Issuer or any of its subsidiaries.
 - iii. the total amount of any loan capital outstanding in all members of the group, and loan capital created but unissued, and term loans, distinguishing between loans guaranteed, unguaranteed, secured (whether the security is provided by the Issuer or by third parties), and unsecured;
 - iv. all off-balance sheet financing by the Issuer and any of its subsidiaries;
 - v. the total amount of all other borrowings and indebtedness in the nature of borrowing of the group, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debts, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments and obligations under finance leases;

- vi. the total amount of any material commitments, lease payments and contingent liabilities or guarantees of the group; or
 - vii. how the borrowings required to be disclosed by paragraphs (vi) to (vii) above arose, stating whether they arose from the purchase of assets by the Issuer or any of its subsidiaries; or
- b) an appropriate negative statement shall be given in each case where relevant, in the absence of any loan capital, borrowings, indebtedness and contingent liabilities described in (a) above; as a general rule, no account should be taken of liabilities or guarantees between undertakings within the same group, a statement to that effect being made if necessary.
- c) for each item identified in (a) above, where applicable:
- i. the names of the lenders if not debenture holders;
 - ii. the amount, terms and conditions of repayment or renewal;
 - iii. the rates of interest payable on each item;
 - iv. details of the security, if any;
 - v. details of conversion rights; and
 - vi. where the Issuer or any of its subsidiaries has debts which are repayable within 12 months, state how the payments are to be financed.
- d) if the Issuer prepares consolidated annual accounts, the principles laid down in subparagraph (6) apply to the information set out in this subparagraph.

14) Details of material loans by the Issuer or by any of its subsidiaries stating-

- i. the date of the loan;
- ii. to whom made;
- iii. the rate of interest;
- iv. if the interest is in arrears, the last date on which it was paid and the extent of the arrears;
- v. the period of the loan;
- vi. the security held;
- vii. the value of such security and the method of valuation;
- viii. if the loan is unsecured, the reasons therefor; and

- ix. if the loan was made to another Issuer, the names and addresses of the directors of such Issuer.
- 15) A statement by the Issuer/directors that in its/their opinion the working capital available to the group is sufficient for the group's present requirements, or, if not and the Issuer has securities already listed, how it is proposed to provide the additional working capital thought by the Issuer to be necessary. The working capital statement should be prepared on the group, as enlarged by the acquisition of assets.
- 16) Where the financial statements provided in response to subparagraphs 1) to 3) are prepared in a currency other than Uganda Shilling, disclosure of the exchange rate between the financial reporting currency and Uganda Shilling should be provided, using the mean exchange rate designated by the Bank of Uganda for this purpose, if any-
- a. at the latest practicable date;
 - b. the high and low exchange rates for each month during the previous months; and
 - c. for the five most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each period, calculated by using the average of the exchange rates on the last day of each month during the period.
 - d. if the proceeds are being used directly or indirectly to acquire assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets will be acquired from affiliates of the Issuer or associates, disclose the person from whom they will be acquired and how the cost to the Issuer will be determined.

2. The debt securities for which application is being made

- 1) A statement that application has been made to the Authority for the securities to be in the Fixed Income Securities Market Segment, setting out the relevant debt securities.
- 2) A statement whether or not all the debt securities have been marketed or are available in whole or in part to the public in conjunction with the application.
- 3) A statement that a copy of the information memorandum or prospectus, as the case may be, has been delivered to the Registrar of Companies.
- 4) The nominal amount of the debt securities; if this amount is not fixed, a statement to that effect shall be made.
- 5) The nature, number and numbering of the debt securities and the denominations.
- 6) Except in the case of continuous issues of short term debt securities, the issue and redemption prices and nominal interest rate; if several interest rates or variable interest rates are provided for, an indication of the conditions for changes in the rate.

- 7) The procedures for the allocation of any other advantages and the method of calculating such advantages.
- 8) A statement regarding tax on the income from the debt securities withheld at source-
 - a. in the country of origin; and
 - b. in Uganda.
- 9) A statement whether the Issuer assumes responsibility for the withholding of tax at source.
- 10) Arrangements for the amortization of the loan, including the repayment procedures.
- 11) The names and addresses of the Issuer's registrars and paying agents for the securities in the countries where admission to listing has taken place.
- 12) The currency of the loan and any currency option; if the loan is denominated in units of account, the contractual status of such units.
- 13) The final repayment date and any earlier repayment dates.
- 14) The date from which interest becomes payable and the due dates for interest.
- 15) The time limit on the validity of claims to interest and repayment of principal.
- 16) The procedures and time limits for delivery of the debt securities, and a statement as to whether temporary documents of title will be issued.
- 17) Except in the case of continuous issues in respect of short term securities, a statement of yield. The method whereby that yield is calculated shall be described in summary form.
- 18) A statement of the resolutions, authorisations and approvals by virtue of which the debt securities have been or will be created and/or issued.
- 19) The nature and amount of the issue.
- 20) The number of debt securities which have been or will be created and/or issued.
- 21) The nature and scope of the guarantees, sureties and commitments intended to ensure that the loan will be duly serviced as regards both the repayment of the debt securities and the payment of interest.
- 22) Details of trustees or of any other representation for the body of debt security holders, including-

- a. the name, function, description and head office of the trustee or other representative of the debt security holders; and
 - b. the main terms of the document governing such trusteeship or representation and in particular the conditions under which such trustee or representative may be replaced.
- 23) A summary of clauses subordinating the loan to other debts of the Issuer already contracted or to be contracted.
- 24) A statement of the legislation under which the debt securities have been created and the courts competent in the event of litigation.
- 25) A statement whether the debt securities are in registered or certificate form or where dematerialised a statement of account to be issued.
- 26) Details of any arrangements for transfer of the securities and any restrictions on the free transferability of the debt securities.
- 27) Other securities exchanges (if any) where listing is being or will be sought.
- 28) The names, addresses and descriptions of the persons underwriting or guaranteeing. Where the guarantor or underwriter is a Issuer the description shall include-
 - a. the place and date of incorporation and registered number of the Issuer;
 - b. the names of the directors of the Issuer;
 - c. the name of the secretary of the Issuer;
 - d. the bankers to the Issuer where applicable;
 - e. the authorised and issued share capital of the Issuer; and
 - f. where not all of the issue is underwritten or guaranteed, a statement of the portion not covered.
- 29) If a public or private offer or placing has been or is being made simultaneously on the markets of two or more countries and if a tranche has been or is being reserved for certain of these, details of any such tranche.
- 30) The names of the securities exchanges (if any) on which debt securities of the same class are already listed.
- 31) If debt securities of the same class have not yet been listed but are dealt in on one or more other regulated, regularly operating, recognised, open markets an indication of such markets.

32) If an issue is being effected at the same time as listing or has been effected within the three months preceding such listing the following information shall be given-

- a. the procedure for the exercise of any right of pre-emption; the negotiability of subscription rights and the treatment of subscription rights not exercised;
- b. (i) the issue price or offer or placing price, stating the nominal value or, in its absence, the accounting par value or the amount to be capitalised:

(ii) the issue premium or discount and the amount of any expenses specifically charged to the subscriber or purchaser; and

(iii) the methods of payment of the price, particularly as regards the paying-up of securities which are not fully paid;
- c. except in the case of continuous debt security issues, the period during which the issue or offer remained open or will remain open and any possibility of early closure;
- d. the methods of and time limits for delivery of the securities and a statement as to whether temporary documents of title have been or will be issued;
- e. the names of the receiving agents;
- f. a statement, where necessary, that the subscriptions may be reduced and a statement of the relative facts where it is the intention, in the event of over subscription, to extend a preference on allotment to any particular Issuer or group such as employees and pension funds;
- g. except in the case of continuous debt security issues, the estimated net proceeds of the loan. If the capital offered is more than the amount of the minimum subscription referred to in subparagraph (34), the reason for the difference between the capital offered and the said minimum subscription; and
- h. the purpose of the issue and intended application of its proceeds.

33) The minimum amount which, in the opinion of the directors, shall be raised by the issue of the securities in order to provide the sums, or , if any part thereof is to be defrayed in any other manner, the balance of the sums required to be provided, in respect of each of the following matters-

- a. the purchase price of any property, purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;
- b. any preliminary expenses payable by the Issuer, and any commission payable to any person in consideration for his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for or of his underwriting or guaranteeing any securities of the Issuer;

- c. the repayment of any moneys borrowed in respect of any of the forgoing matters;
 - i. working capital, stating the specific purposes for which it is to be used and the estimated amount required for each such purpose;
 - ii. any other material expenditure, stating the nature and purposes thereof and the estimated amount in each case; and
 - iii. the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue, and the sources from which those amounts are to be provided.
- 34) A summary of the rights conferred upon the holders of the debt securities and particulars of the security (if any) therefor.
- 35) Where debt securities are issued by way of conversion or replacement of debt securities previously issued, a statement of all material differences between the security for the old debt securities and the security for the new debt securities, or, if appropriate, a statement that the security for the new debt securities is identical with all security for the old debt securities.
- 36) Particulars of the profits cover for interest (if fixed), and of the net tangible assets.
- 37) Where the debt securities for which application is being made are offered by way of rights, open offer or otherwise or allotted by way of capitalisation of reserves or undistributed profits to the holders of an existing listed security, the following information shall be given-
- a. the *pro rata* entitlement;
 - b. the last date on which transfers were or will be accepted for registration for participation in the issue;
 - c. how the securities rank for dividend or interest;
 - d. the nature of the document of title and its proposed date of issue;
 - e. how any fractions will be treated;
 - f. details regarding the proposed listing of the provisional letters of allocation, the subsequent listing of the new securities and
 - g. the amount payable in respect of listing fees; and
 - h. details regarding the proposed listing of the provisional letters of allocation such as-
 - (i) acceptance;
 - (ii) renunciation;
 - (iii) splitting; and
 - (iv) payment (payment shall be made in Ugandan currency);
 - i. in the case of a rights issue or open offer, how debt securities not taken up will be dealt with and the time in which the offer may be accepted; and

- j. a statement pointing out possible tax implications for non-residents.
- 38) In respect of convertible debt securities, information concerning the nature of the shares offered by way of conversion, exchange or for subscription and the rights attaching thereto.
 - 39) In respect of convertible debt securities, the conditions of and procedures for conversion, exchange or for subscription and details of the circumstances in which they may be amended.
 - 40) Where the debt securities for which application is being made are debt securities of a class which is already listed, being offered by way of rights or open offer, a table of market values for the securities of the class to which the rights issue or offer relates for the first dealing day in each of the six months before the date of the particulars, for the last dealing day before the announcement of the rights issue or offer and (if different) the latest practicable date prior to publication of the particulars.

APPENDIX 3

REQUIREMENTS FOR LISTING BY INTRODUCTION

These requirements shall apply to all Issuers who wish to list by Introduction. Listing by introduction as a method of listing on the Exchange applies to the existing shares for which listing is sought to be of such an amount that is already widely held and that there would be an open market for trading in such shares.

1. Conditions to be fulfilled by Applicant

- 1) The Applicant who intends to list by introduction shall ensure;
 - a. There are no new shares being issued at the point of listing after all have been issued
 - b. There no additional funds being raised at the point of listing
 - c. That it has a clearly identifiable core business
 - d. That only ordinary issues will be listed on the Main Investment Market Segment
 - e. That at least 10% of its total issued and paid-up capital is held by the public shareholders at the point application and;
 - f. That it is considered as suitable for listing by an adviser.
- 2) An applicant who intends to by Introduction shall determine the initial listing price of shares to be listed (Reference Price), which shall be duly supported by a fair opinion prepared by a suitably qualified and an independent valuer acceptable to the Exchange.
 - a. The Reference Price and the basis for determining such Reference Price shall be disclosed in the Information memorandum.
 - b. The copy of the fair opinion shall be enclosed as an annexure to the Information memorandum.
- 3) **Requirements to List by Introduction**
 - a. The Applicant shall comply with conditions required to list a security on the desired market segment.
- 4) **Requirements to produce an information memorandum**
 - a. All applicants for Admission on the List and segment shall comply fully with all relevant legal and regulatory requirements to produce a valid information memorandum as a condition of obtaining an Admission on the List.

- b. The following information shall be disclosed in a Information Memorandum for an application for securities being listed on the Exchange by introduction;
 - i. Application for listing;
 - ii. Letter of no objection from the industry regulator of the issuer;
 - iii. Board of directors' resolution to list
 - iv. Shareholders resolutions in respect of the offer
 - v. Letter of No Objection from Capital Markets Authority.
 - vi. Contracts entered into in connection with the Issue
 - vii. Contracts with registrars where applicable
 - viii. Certificate of incorporation of the issuer or any other incorporation document
 - ix. Declaration by the sponsoring broker in the form set out in the Listing Rules
 - x. Memorandum and Articles of Association of the Issuer or any other constitutive documents;
 - xi. Copies of the documents provided for inspection pursuant to the proposed issue
 - xii. Financial reports for the five year period preceding the issue
 - xiii. A list of existing shareholders
 - xiv. Management contracts if applicable
 - xv. Letter of undertaking of the issuer
 - xvi. A Reporting Accountant's report.
- c. The Accountant's report shall be prepared by the Issuer's external auditors at the time of submitting the application.
- d. The Accountant's report referred to in (4)(b)(xvi) will not be required where the application is made within 6 months within which the audited financial statements have been submitted to the Exchange.

5) Contents of information memorandum

In addition to disclosure requirements as indicated in the USE Listing Rules, 2003, the Entity shall make the following disclosures in the information memorandum;

a. Details pertaining to the Non-Public Shareholders

The following information with regard to the Non-Public shareholders shall be prominently disclosed in a separate section in the Information memorandum;

- i. Names of Non-Public Shareholders; and their Relationship with the applicant Entity
- ii. An Entity at the time of making an application for a listing shall be required to make adequate disclosures pertaining to locked-in and not locked-in shares in

the Information memorandum in the format set out in the USE Listing Rules 2021.

b. Financial Disclosures

In addition to the disclosures required the USE Listing Rules, the Exchange shall have the discretion to require disclosure of the following financial disclosures in the Information memorandum;

- i. Dividend policy of the Entity - Classes of Securities and rights attached to the respective classes of Securities regarding dividends, rates of the dividends, if any, paid by the Entity in respect of each class of shares for three (03) financial years immediately preceding the issue of the Information memorandum/prospectus (as applicable).
- ii. For companies with an operating history of less than one (1) financial year, the Exchange shall have the discretion to require disclosure of the following in the Information memorandum;
 - a) A statement showing the forecast profit and loss account, balance sheet and cash flow statement for a three (03) year period together with the assumptions and risk factors on which such statements are based, or
 - b) A sector study including the details of how the Entity intends to position itself in the market stating assumptions and risk factors.
 - c) Any other complete and accurate information that would have a material impact on the decision making among stakeholders in the understanding of the financial information provided in this Section.

c. Particulars of Debt and Loan Capital –

- i. Particulars of loan capital outstanding as at the date of application or an appropriate negative statement
- ii. Particulars of term loans, other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptance (other than normal trading bills) or acceptance credits or an appropriate negative statement.
- iii. Leasing, lease purchase and hire purchase commitments, or an appropriate negative statement.
- iv. Guarantees and other material contingent liabilities or an appropriate negative statement.
- v. A statement of mortgages and charges on the assets of the Entity, as at the date of application or an appropriate.

6) **Grant of an Application to list by introduction**

- a. The Exchange upon receipt of the application shall review the information memorandum and consider whether the Applicant has met all the requirements as stipulated in the Listing Rules.
- b. If the Exchange is satisfied that the Applicant has met all the requirements, approval to list by Introduction shall be granted.
- c. If the Exchange rejects the Application, it shall give its reasons for the rejection.

2. **SHARES ON OFFER**

(1) **Proportion of Float (Public Shareholding Spread requirements)**

- a. Any issuer intending to list by introduction must confirm that 10% of its issued and paid-up capital is held by public shareholders at the point of application and admission.
- b. The Exchange shall have the discretion to waive the requirement in 11.1 above if the shares constituting up to 25% float are ring fenced and designated as available for sale to the public at specific intervals during the 2-year period commencing at the date of listing.

(2) **Lock –in Requirements**

- a. All shares held by Non- Public Shareholders prior to 12months from the date of Initial Listing Application shall be subject to a lock-in period of 6 months from the date of listing of the entity.
- b. All shares held by Public Shareholders prior to 12 months from the date of Initial Listing Application shall not be subject to a lock-in period.
- c. All shares acquired by way of an allotment/transfer from another shareholder (irrespective of being Non- Public Shareholders or Public Shareholders) during the period of 12 months immediately preceding the date of an initial Listing Application shall be subject to a lock- in period of a a minimum of 6 months from the date or 12 months from the date of acquisition of those shares whichever is longer.
- d. At the time of listing, if the minimum Public Holding percentage is subject to a lock-in as mentioned in 12.3 above and if the Exchange believes that the adequate shares are not available for trading upon listing the Entity via introduction, the Exchange may at its discretion reject the listing application of the Entity.
- e. The Issuer shall notify the Exchange when the majority shareholders are selling their shares within 24 hours of the board decision.
- f. For the purposes of application of lock-in periods; Non-Public Shareholders shall mean the following parties who hold, directly or indirectly, shares of the applicant entity;

- a. its parent, subsidiary or associate companies or any subsidiaries or associates of its parent company;
- b. its directors who are holding office as directors of the entity and their close family members;
- c. Chief Executive Officer, his/her close relations;
- d. Key Management Personnel and their close relations;
- e. Any other party acting in concert with the parties set out in (a), (b), (c) and (d) above;
or
- g. The date of listing shall be the first date on which shares of an entity are allowed to be traded on the USE.

3. GENERAL PROVISIONS

(1) Exceptions to the USE Listing Rules, 2003 requirements

Applicants shall meet all the requirements as stipulated by the USE Listing Rules 2003, and any waiver with respect to satisfaction of any requirement shall be at the discretion of the Exchange.

(2) Securities Listed on another Exchange

Any applicant whose securities are listed on another stock exchange and wishes to list by introduction shall submit a letter of no objection from the regulator and the stock exchange of the primary listing where the applicant's securities are listed.

(3) Other Disclosure Requirements

- a. The Information Memorandum and the Articles of the entity shall be hosted on the Entity's website and the Exchange's website for a period not less than fourteen (14) market days prior to the date of listing to the Exchange.
- b. The Exchange may in its discretion grant exemption from compliance with any provision under this procedure provided that it is justifiable and upon terms and conditions it may deem fit.
- c. The Authority shall be informed of any decision to exempt the applicant from compliance with any of these procedures.

APPENDIX IV CONTINUING OBLIGATIONS

1. General continuing obligations

- 1) Information to be disclosed shall include but not be restricted to any major development in the issuers sphere of activity or expectation of performance which is not public knowledge which may-
 - a. by virtue of the effect of such development on its assets and liabilities or financial position or on the general course of its business, lead to substantial movement in the price of its securities; or
 - b. in the case of an Issuer of debt securities, by virtue of the effect of those developments on its assets and liabilities or financial position or on the general course of its business, lead to substantial movement in the price of its securities, or significantly affect its ability to meet its commitments.
- 2) An Issuer may give information in strict confidence to its advisers and to persons with whom it is negotiating with a view to effecting a transaction or raising finance; these persons may include prospective underwriters of an issue of securities, providers of funds or loans or the **placees** of the balance of a rights issue not taken up by shareholders. In such cases, the Issuer shall advise, preferably in writing, the recipients of such information that it is confidential.
- 3) Information required by and provided in confidence to, and for the purposes of, a government department, Bank of Uganda, the Authority, the Exchange or any other statutory or regulatory body or authority need not be published.
- 4) Where the information relates to a proposal by the Issuer which is subject to negotiations with employees or trade union representatives the Issuer may defer publication of the information until such time as an agreement has been reached as to the implementation of the proposal.
- 5) Where it is proposed to announce at any meeting of holders of an issuers listed securities information which might lead to substantial movement in their price, arrangements shall be made for publication of that information to the securities exchange and the marketing so that the announcement at the meeting is made no earlier than the time at which the information is published to the market.
- 6) An Issuer shall publish, by way of a cautionary announcement, information which could lead to material movements in the ruling price of its securities if at any time the necessary degree of confidentiality cannot be maintained, or that confidentiality has or may have been breached.
- 7) An Issuer whose securities are listed on more than one securities exchange shall ensure that equivalent information is made available at the same time to the market at all such securities exchange.

Disclosure of Periodic Financial Information

2. Dividends and interest

- 1) Announcements of dividends and/or interest payments on issued securities should be notified to the Exchange, the Authority and the holders of the relevant security immediately upon declaration by means of a press announcement. The declaration shall be at least 21 days prior to the closing date of the register and shall contain the following minimum information-
 - a. The closing date for determination of entitlements
 - b. The date on which the dividend or interest will be paid; and
 - c. the cash amount that will be paid for the dividend or interest.
- 2) Dividends declared by an Issuer shall be paid out within 21 days after the date of the books closure for both interim and final dividends.
- 3) Notification of non-declaration of dividends or payment of interest shall be published either in the interim or preliminary report, the annual financial statements or by way of a press announcement.
- 4) An Issuer declaring a final dividend prior to the publication of the annual financial statements or preliminary report shall ensure that the dividend notice given to shareholders contains a statement of the ascertained or estimated consolidated profits before taxation of the Issuer and its subsidiaries for the year, and also particulars of any amounts appropriated from accumulated profits, revenue and reserves of past years, or other special sources subject to the approval of the Exchange, to provide wholly or partly for the dividend.
- 5) An Issuer whose securities are listed shall announce any intention to fix a books closing date and the reason therefor, stating the books closure date, which shall be at least 21 days after the date of notification to the Exchange at which the securities are listed, and the address of the share registry at which documents will be accepted for registration.

Interim and final reports

- 6) (a) In this Part the terms
 - i. interim report means a provisional report of the issuer prepared in accordance with the provisions of these Rules.
 - ii. final report means the annual report of the issuer prepared in accordance with the provisions of these Rules.
- (b) All interim reports shall be prepared in accordance with the International Accounting Standards 34 Interim Financial Reporting and International Accounting Standards 1, Presentation of Financial Statements and any other relevant International Accounting Standards requirement.

- 7) An interim financial report shall include at a minimum the following components-
- a. condensed balance sheet;
 - b. condensed income statement;
 - c. condensed statement showing either (i) all changes in equity or (ii) changes in equity other than those arising from capital transactions with owners and distributions to owners (statement of recognised gains and losses);
 - d. condensed cash flow statement; and
 - e. selected explanatory notes.
- 8) If an Issuer publishes a set of condensed financial statements in its interim financial report, those condensed statements should include, at a minimum, each of the headings and subtotals that were included in its most recent annual financial statements and the selected explanatory notes. Additional line items or notes should be included if their omission would make the condensed interim financial statements misleading.
- 9) Basic and diluted earnings per share should be presented on the face of an income statement, complete or condensed, for an interim period.
- 10) An Issuer should include the following information, as a minimum, in the notes to its interim financial statements, if material and if not disclosed elsewhere in the interim financial report. The information should normally be reported on a financial year-to-date basis. However, the Issuer should also disclose any events or transactions that are material to an understanding of the current interim period-
- a. a statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change;
 - b. explanatory comments about the seasonality or cyclicity of interim operations;
 - c. the nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence;
 - d. the nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period;
 - e. issuances, repurchases, and repayments of debt and equity securities;
 - f. dividends paid (aggregate or per share) separately for ordinary shares and other shares;

- g. segment revenue and segment result for business segments or geographical segments, whichever is the Issuer's primary basis of segment reporting (disclosure of segment data is required in an enterprise's interim financial report only if International Accounting Standards 14, Segment Reporting, requires that enterprise to disclose segment data in its annual financial statements);
 - h. material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period;
 - i. the effect of changes in the composition of the Issuer during the interim period, including business combinations, acquisition, restructuring, disposal and discontinued operations; and
 - j. changes in contingent liabilities or contingent assets since the last annual balance sheet date.
- 11) Interim reports should include interim financial statements (condensed or complete) for periods as follows-
- a. balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding financial year;
 - b. income statements for the current interim period and cumulatively for the current financial year to date, with comparative income statements for the comparable interim periods (current and year-to-date) of the immediately preceding financial year;
 - c. statement showing changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year; and
 - d. cash flow statement cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.
- 12) If an estimate of an amount reported in an interim period is changed significantly during the financial year but a separate financial report is not published for that interim period, the nature and amount of that change in estimate should be disclosed in a note to the annual financial statements for that financial year.
- 13) An Issuer should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements. However, the frequency of an Issuer's reporting (annual, half-yearly, or quarterly) should not affect the measurement of its annual results. To achieve that objective, measurements for interim reporting purposes should be made on a year-to-date basis.

- 14) Revenues that are received seasonally, cyclically, or occasionally within a financial year should not be anticipated or deferred as of an interim date if anticipation or deferral would not be appropriate at the end of the Issuer's financial year.
- 15) Costs that are incurred unevenly during an Issuer's financial year should be anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year.
- 16) The measurement procedures to be followed in an interim financial report should be designed to ensure that the resulting information is reliable and that all material financial information that is relevant to an understanding of the financial position or performance of the enterprise is appropriately disclosed. While measurements in both annual and interim financial reports are often based on reasonable estimates, the preparation of interim financial reports generally will require a greater use of estimation methods than annual financial reports.
- 17) A change in accounting policy, other than one for which the transition is specified by a new International Accounting Standard, should be reflected by-
 - a. restating the financial statements of prior interim periods of the current financial year and comparable interim periods of prior financial years, if the issuer follows the benchmark treatment under International Accounting Standard 8 or;
 - b. restating the financial statements of prior interim periods of the current financial year, if the Issuer follows the allowed alternative treatment under International Accounting Standard 8. In this case, comparable interim periods of prior financial years are not restated.
- 18) After the end of the Issuer's financial year. no announcement shall be made of any-
 - a. dividend;
 - b. capitalisation or rights issue;
 - c. closing of the books;
 - d. capital return;
 - e. passing of a dividend;
 - f. sales or turnover; unless accompanied by a preliminary financial statement.
- 19) An Issuer shall publish an interim report within 03 months of the end of the interim period in the financial year and shall notify the securities exchange and the Authority. Where an Issuer has subsidiaries, the said report shall be based on the group accounts.

Annual Financial Statements

- 20) (a) Every Issuer of securities to the public shall prepare an annual report containing audited annual financial statements within 4 months of the close of its financial year.
- b) A complete set of financial statements includes the following components-
- i. balance sheet;
 - ii. income statement;
 - iii. a statement showing either-
 - (aaa) all changes in equity; or
 - (bbb) changes in equity other than those arising from capital transactions with owners and distributions to owners;
 - iv. cash flow statement; and
 - v. accounting policies and explanatory notes.
- 21) Directors should select and apply accounting policies so that the financial statements comply with all the requirements of each applicable International Accounting Standard and interpretation of the Standing Interpretations Committee of International Accounting Standard. Where there is no specific requirement, directors should develop policies to ensure that the financial statements provide information that is-
- a. relevant to the decision-making needs of users; and
 - b. reliable in that they-
 - ii) represent faithfully the results and financial position of the Issuer;
 - iii) reflect the economic substance of events and transactions and not merely the legal form;
 - (iv) are neutral, that is free from bias;
 - (v) are prudent; and
 - (vi) are complete in all material respects.
- 22) The presentation and classification of items in the financial statements should be retained from one period to the next unless-
- a. a significant change in the nature of the operations of the Issuer or a review of its financial statement presentation demonstrates that the change will result in a more appropriate presentation of events or transactions; or

- b. a change in presentation is required by an International Accounting Standard or an interpretation of the Standing Interpretations Committee of the International Accounting Standards.
- 23) Each component of the financial statements should be clearly identified. In addition, the following information should be prominently displayed, and repeated when it is necessary for a proper understanding of the information presented-
- a. the name of the Issuer or other means of identification;
 - b. whether the financial statements cover an individual Issuer or a group;
 - c. the balance sheet date or the period covered by the financial statements, whichever is appropriate to the related component of the financial statements;
 - d. the reporting currency; and
 - e. the level of precision used in the presentation of figures in the financial statements.
 - f. the period covered by financial statements should be no less than 12 months.
- 24) As a minimum, the face of the balance sheet should include line items which present the following amounts-
- a. property, plant and equipment;
 - b. intangible assets;
 - c. financial assets (excluding amounts shown under (d), (f) and (g));
 - d. investments accounted for using the equity method;
 - e. inventories;
 - f. trade and other receivables;
 - g. cash and cash equivalents;
 - h. trade and other payables;
 - i. tax liabilities and assets as required by International Accounting Standard 12, Income Taxes;
 - j. provisions;
 - k. non-current interest-bearing liabilities;
 - l. minority interest; and

m. issued capital and reserves.

25) An Issuer should disclose the following, either on the face of the balance sheet or in the notes-

- a. for each class of share capital-
 - i. the number of shares authorised;
 - ii. the number of shares issued and fully paid, and issued but not fully paid;
 - iii. par value per share, or that the shares have no par value;
 - iv. a reconciliation of the number of shares outstanding at the beginning and at the end of the year;
 - v. the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital;
 - vi. shares in the Issuer held by the Issuer's subsidiaries or associates of the Issuer; and
 - vii. shares reserved for issuance under options and sales contracts, including the terms and amounts;
- b. a description of the nature and purpose of each reserve within owner's equity;
- c. when dividends have been proposed but not formally approved for payment, the amount included (or not included) in liabilities; and
- d. the amount of any cumulative preference dividends not recognised.

26) As a minimum, the face of the income statement should include line items which present the following amounts-

- a. revenue;
- b. the results of operating activities;
- c. finance costs;
- d. share of profits and losses of associates and joint ventures accounted for using the equity method;
- e. tax expense;
- f. profit or loss from ordinary activities;
- g. extraordinary items;
- h. minority interest; and

- i. net profit or loss for the period.
- 27) An Issuer should present, as a separate component of its financial statements, a statement showing-
- a. the net profit or loss for the period;
 - b. each item of income and expense, gain or loss which, is recognised directly in equity, and the total of these items; and
 - c. the cumulative effect of changes in accounting policy and the correction of fundamental errors dealt with under the Benchmark treatments in International Accounting Standard 8.
- 28) In addition, an Issuer should present, either within this statement or in the notes-
- a. capital transactions with owners and distributions to owners;
 - b. the balance of accumulated profit or loss at the beginning of the period and at the balance sheet date, and the movements for the period; and
 - c. a reconciliation between the carrying amount of each class of equity capital, share premium and each reserve at the beginning and the end of the period, separately disclosing each movement.
- 29) An Issuer should disclose the following if not disclosed elsewhere in information published with the financial statements-
- a. the domicile and legal form of the Issuer, its country of incorporation and the address of the registered office (or principal place of business, if different from the registered office);
 - b. a description of the nature of the Issuer's operations and its principal activities;
 - c. the name of the parent Issuer and the ultimate parent Issuer of the group; and
 - d. either the number of employees at the end of the period or the average for the period.
- 30) Every Issuer shall notify the Exchange and the media of its annual results within 24 hours following approval of the Issuer's Directors for submission to shareholders.
- 31) Every Issuer shall, within four months after the end of each financial year and at least twenty-one clear days before the date of the annual general meeting, distribute to all shareholders and holders of its debt securities-
- a. a notice of annual general meeting; and annual financial statements for the relevant financial year; and

- b. the auditors report on the Issuer's financial statements.
- 32) Where a limited Issuer has subsidiaries, its annual audited accounts shall be prepared in consolidated form in accordance with the Companies Act and the relevant International Accounting Standards. There shall be set out as separate items in every Issuer's annual report-
- a. the amount of turnover and investments and other income excluding extra ordinary items, together with comparative figures for the previous year;
 - b. a statement of source and application of funds with comparative figures for the previous year;
 - c. a statement as at end of the financial year, showing the interest of each director of the Issuer in the stated capital of the Issuer, its subsidiary or in an associated Issuer, appearing in the register maintained under the provisions of the Companies Act; and
 - d. particulars of material contracts involving directors' interests, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year, providing. In the case of a loan-
 - i. the names of the lender and the borrower;
 - ii. the relationship between the borrower and the director (if the director is not the borrower);
 - iii. the amount of the loan;
 - iv. the interest rate;
 - v. the terms as to payment of interest and repayment of principle; and
 - vi. the security provided.
- 33) In respect of land and buildings, whether freehold or leasehold, to show as a note to the accounts a brief description of each of the major properties together with an indication as to the location of the properties concerned.
- 34) In the case where a valuation has been conducted on the fixed assets of the Issuer and/or its subsidiaries, a copy of the valuation report shall be made available for inspection at the Issuer's registered office. Fixed assets of the Issuer shall be revalued as regularly as possible but in any case at least once in ten years.

4. Notifications relating to capital

- 1) An Issuer shall make a public announcement and notify the Exchange of the following information relating to its capital-
- (a) Alterations to capitals structure**
any proposed change in its capital structure including the structure of its debt securities;

- (b) **New issues of debt securities**
where a Issuer has debt securities, any new issues of debt securities, and in particular any guarantee or security in respect thereof;
- (c) **Changes of rights attaching to securities**
any change in the rights attaching to any class of securities , any change in loan terms (or in the rate of interest carried by a debt security) or to any securities into which any securities are convertible;
- (d) **Basis of allotment**
the basis of allotment of securities offered generally to the public for cash and of open offers to shareholders;
- (e) **Issues affecting conversion rights**
the effect, if any, of any issue of further securities on the terms of the exercise of rights under options, warrants and convertible securities; and
- (f) **Results of new issues**
the results of any new issue of securities or of a public offering of existing securities.

4. Shareholding

- (1) An Issuer shall disclose to the securities exchange every shareholder who holds or acquires 30 % or more of the share capital every quarter and shall disclose in its annual report the following information on its shareholding-

- (a) Distribution of shareholders and

Shareholding (No. of shares)	No. of shareholders	No. of shares held	% shareholding
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less than 500
500 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 - 1,000,000
above 1,000,000

- (b) the names of the ten largest shareholders and the number of equity securities in which they have an interest as shown in the Issuer's Register of Shareholders;
- (c) a distribution schedule of each class of equity security setting out the number of holders in the following categories-
- (d) the name and address of the Issuer secretary
- (e) the address and telephone number of the registered office, and
- (f) the address of each office at which register of securities is kept.

- (2) An Issuer shall inform the Exchange in writing without delay if it becomes aware that the proportion of its securities in the hands of the public has fallen below the prescribed minimum of the total issued share capital.
- (3) An Issuer shall provide the Exchange details of its shareholders as may be required by the Exchange.

5. Communication with shareholders

- (1) Any meeting of shareholders shall be convened at least twenty-one clear days before such meeting is held. All notices convening meetings shall specify the place, date, hour and agenda of the meeting. If the conventional meeting place is changed, full justification for the change shall be given. The place chosen shall be convenient to the general body of shareholders.
- (2) An Issuer shall ensure that at least in each securities exchange in which its securities are listed all the necessary facilities and information are available to enable holders of such securities to exercise their rights. In particular it shall-
 - i. inform holders of securities of the holding of meetings which they are entitled to attend;
 - ii. enable them to exercise their right to vote, where applicable; and
 - iii. publish notices or distribute circulars giving information on-
 - i. the allocation and payment of dividends and interest;
 - ii. the issue of new securities, including arrangements for the allotment;
 - iii. subscription, renunciation, conversion or exchange of the securities; and
 - iv. redemption or repayment of the securities.
- (3) A proxy form shall be sent with the notice convening a meeting of holders of listed securities to each person entitled to vote at the meeting, and shall comply with the other requirements set out in the articles of association.
- (4) If a circular is issued to the holders of any particular class of security, the Issuer shall issue a copy or summary of that circular to the holders of all other listed securities.
- (5) The Issuer shall forward to the Exchange copies of-
 - i. all circulars, notices, reports, announcements or other documents at the same time as they are issued; and
 - ii. all resolutions passed by the Issuer other than resolutions concerning ordinary business at an annual general meeting without delay after the relevant general meeting.

6. Audit committee and corporate governance

- (1) Every Issuer shall establish an Audit Committee and comply with guidelines on corporate governance issued by the Exchange.

- (2) There should also be public disclosure in respect of any management or business agreements entered into between the Issuer and its local or foreign associated and related companies, which may result in a conflict-of-interest situation.

7. Miscellaneous obligations

- (1) When further securities are allotted of the same class as securities already listed, application for listing such further securities shall be made within seven days of allotment.
- (2) A copy of any contractual arrangement with a controlling shareholder shall be made available for inspection by any person at the registered office of the Issuer during normal business hours on each business day.
- (3) A Issuer shall ensure that appropriate transfer and registration arrangements for its listed securities are in place.
- (4) All directors, other than managing directors, shall retire by rotation at least once in every three years. No more than half of the directors may be appointed as managing directors.
- (5) An Issuer shall make a public announcement of-
 - a. any change of address of the registered office of the Issuer or of any office at which the register of securities of the Issuer is kept;
 - b. any change in the directors, Issuer secretary or auditors of the Issuer;
 - c. any proposed alteration of the memorandum and articles of association of the Issuer;
 - d. any application filed with a court to wind up the Issuer or any of its subsidiaries; details of the suit and the probable outcome of the suit shall be confidentially submitted to the Exchange; and
 - e. the appointment or imminent appointment of receiver or liquidator of the Issuer or any of its subsidiaries.
- (6) An Issuer shall obtain approval of shareholders for-
 - iv. any acquisition of shares of another Issuer or any transaction resulting in such Issuer becoming a subsidiary or associated Issuer;
 - v. any sale of shares in another Issuer resulting in a Issuer ceasing to be a subsidiary of the Issuer; and
 - vi. any substantial sale of assets involving ten per cent or more of the value of net assets of the Issuer.

- (7) Where any agreement has been entered into in connection with any acquisition or realisation of assets or any transaction outside the ordinary course of business of the Issuer and/or its subsidiaries, a copy each of the relevant agreements shall be lodged with the Authority and securities exchange and be made available for inspection at the Issuer's registered office.

SCHEDULES AND FORMS

Explanatory notes

This section provides guiding schedules for use by companies seeking listing at the Uganda Securities Exchange and listed companies for continuous listing obligations:

SCHEDULE 1- APPLICATION FOR ADMISSION OF SECURITIES TO THE OFFICIAL LIST.

SCHEDULE 2- APPLICATION FOR LISTING OF SECURITIES RESULTING FROM A RIGHTS ISSUE, CAPITALISATION ISSUE AND SCRIP DIVIDENDS ISSUE.

SCHEDULE 3-REQUIREMENTS FOR ARTICLES OF ASSOCIATION.

SCHEDULE 4-REQUIREMENTS FOR CERTIFICATES OF TITLE.

SCHEDULE 5-MEMORANDUM OF LISTING.

SCHEDULE 6-DECLARATION BY SPONSORING BROKER.

SCHEDULE 7-DOCUMENTS TO BE SUBMITTED TO THE EXCHANGE.

SCHEDULE 1

APPLICATION FOR ADMISSION OF SECURITIES TO THE OFFICIAL LIST

1. (1) The application should contain the following-
 - (a) a statement that-

“It is understood that the granting of a listing pursuant to this application shall constitute a contract between this Issuer and Uganda Securities Exchange (“USE”);
 - (b) full name of the Issuer;
 - (c) the addresses of the registered and transfer offices in Uganda;
 - (d) regarding the Issuer’s share capital-
 - i. the amount of the authorised share capital of each class of share, and the nominal value and number of securities in each class;
 - ii. the amount of the share capital issued and to be issued in conjunction with the application of each class of share, and the number of those securities in each class, also indicating clearly in respect of which securities listing is applied for; and
 - iii. the nominal amount and number of securities in each class of the authorised but unissued capital of the Issuer;
 - (e) the nominal amount and number of securities of each class-
 - i. offered to the public for subscription (either by the Issuer or otherwise), and the date the offer was made;
 - ii. the number of securities of each class applied for, and the date the offer closed (where this information is available at the date of application); and
 - iii. the number of securities of each class allotted, and the date of allotment (where this information is available at the date of application). If an issue is being made in conjunction with this application, the opening and closing dates of the offer, the date of allotment and the date of issue of the certificates of title to be stated;
 - iv. that monies in respect of excess applications will be refunded within 7 days of the allotment date if applicable;
 - (f) a statement as to the market segment of the Official List in which listing is applied for, and the abbreviated name of the Issuer. Such abbreviated name shall not exceed seven characters, inclusive of spaces.
- (2) The application shall be signed by the secretary and a director of the Issuer and the sponsoring broker.

- (3) The application shall be accompanied by a resolution of the directors of the Issuer authorising the application for admission to listing together with a letter of approval of the prospectus from the Authority, the relevant listing fee and an undertaking by the issuer that it shall comply with the continuing listing obligations of the Exchange.

SCHEDULE 2

APPLICATION FOR LISTING OF SECURITIES RESULTING FROM A RIGHTS ISSUE, CAPITALISATION ISSUE AND SCRIP DIVIDEND ISSUE

INTRODUCTION

1. (1) Except as otherwise provided herein, the Issuer shall meet all requirements for a rights issue, capitalization issue and scrip dividend issue as prescribed by the Exchange.
- (2) Disclosure shall be sufficient to enable the shareholders and especially minorities to make an informed decision.
- (3) In view of this, an Issuer issuing rights should meet the following minimum requirements-
 - i. any statutory requirements; and
 - ii. disclosures to be made in the information memorandum.
- (4) The applicant shall show a timetable in respect of the following events-
 - (a) books closure date to determine rights entitlement;
 - (b) last day for splitting;
 - (c) last day for exercise of rights; and
 - (d) last day for application for additional shares;
- (5) The applicant shall state-
 - (a) the rights new issue ratio and price of the new issue shares;
 - (b) the expected net proceeds and its applications;
 - (c) if any underwritten agreements exist; a copy of such agreement shall be submitted;
 - (d) names and addresses of auditors who have audited the accounts of the applicant during the preceding three years; and
 - (e) the names and addresses of the brokers sponsoring the application for admission to listing.

(6) The applicant shall also-

- i. make a declaration that the annual accounts have been audited; and
- ii. furnish a statement from the applicants auditors stating that all circumstances regarding the additional listing known to the auditor and which could influence the evaluation by investors of the applicants assets, liabilities, financial position results and prospects are included in the report.

(7) Other information to be submitted with the application of the rights issue include-

- i. information about the management of the Issuer;
- ii. statement on any important development affecting the applicant or its business since the latest annual report of the applicant;
- iii. details, if applicable, of the applicant being considered or having been considered officially for suspension or de-listing by the Exchange;
- iv. if the securities to be listed are to be issued in connection with the acquisition of a controlling interest in, or of all the assets subject to a liability of another Issuer, the latest balance sheet and profit and loss accounts to the date of the last balance sheet supplemented by the latest available interim statements;
- v. one copy of each contract, plan or agreement pursuant to which the securities applied are to be issued;
- vi. if the securities applied for are to be issued in acquisition of a stock interest in another Issuer, or properties or other assets, a copy of a report obtained in connection with the proposed acquisition;
- vii. a copy of all letters of authority from the relevant government authorities;
- viii. statement or estimate of the cost involved in the application divided into-
 1. brokerage expenses;
 2. approval fees;
 3. printing costs;
 4. advertising costs;
 5. professional fees payable to advisors to the rights issue; and
- iii) other costs.

2. In addition to the provisions of paragraph 1, the information memorandum should include the following-

(a) Background information including

- i. a brief history of the Issuer;
- ii. an outline of the Issuer's business operations;
- iii. the shareholding structure;
- iv. a brief summary of significant developments in the Issuer in the last five years;
- v. names of the directors and senior management and their qualifications;
- vi. overview of the Issuer's operations against a backdrop of the environment in which they are operating;
- vii. details of underwriting arrangements, if any, and their costs;
- viii. the names and contacts of the advisers to the issue including;
- ix. sponsoring broker/dealer(s);
- x. financial advisers;
- xi. legal advisers;
- xii. issuing house;
- xiii. auditors;
- xiv. reporting accountants; and
- xv. any other professional advisors.

(b) Terms of the offer, including-

- i. the offer price and its justification
- ii. procedure to be followed in respect of-
 - (aaa) rights taken up;
 - (bbb) rights not taken up; and
 - (ccc) excess applications.
- iii. underwriting arrangements if any.

(c) Application of the proceeds information memorandum which shall disclose-

- i. the reason for the rights issue;
- ii. the amount expected to be raised; and
- iii. the use to which the proceeds are to be put.

(d) Changes in share capital and share price movement

The directors of the Issuer should provide an analysis of all significant changes in the share capital of the Issuer and the share price movement over the previous year including-

- i. highest and lowest share price in the last three years;
- ii. daily share price and the amount traded for a year prior to the rights issue;

- iii. market capitalization as at the last day of the month preceding the application including issued and fully paid shares and their par value and how this compares;
- iv. latest statistics on earnings per share, dividend per share, net asset value per share and dividend cover; and
- v. statistics based on the offer price such as price earnings ratio, gross dividend ratio, price to net asset value.

(e) Financial statements including-

- i. the audited Annual Report for the preceding year. Where the application is submitted 6 (six) months after the year-end the audited half yearly results. Where the application is submitted 3 (three) months after the audited results, management accounts for the period should also be included;
- ii. the reporting accountant's report;
- iii. *proforma* profit and loss account based on the audited accounts and managements analysis of the impact of the issue on the Issuer;
- iv. any other significant development that may have occurred since the last annual report; and
- v. if the Issuer's rights issue involves the acquisition of another Issuer then the financial statement of the latter Issuer should be submitted.

(f) Miscellaneous

Sample of the provisional letter of allotment should be provided.

3. Availability of documents for inspection

(1) Documents relevant to the rights issue should be readily available for inspection by the shareholders and other interested parties.

(2) Documents referred to in (1) include-

- (a) the Information Memorandum;
- (b) audited financial statements;
- (c) copy of the Board and shareholders' resolutions authorizing the issue;
- (d) sample of the provisional letter of allotment; and
- (e) copies of the Certificate of Incorporation and the Memorandum and Articles of Association.

(3) Copies of these documents shall be made available to the public for inspection during working hours at the registered office of the Issuer and at the Exchange.

Post rights issues

- (4) These shall include the following-
- a. a copy of the shareholder's resolution authorizing the issue, duly passed during the AGM
 - b. detailed report on the results of the issue and the number of additional shares to be listed.

Timetables

- (5) The timetable for offers for sale or subscription shall be as follows-

EVENT	NUMBER OF DAYS	Minimum Number of Days
Offer period	Not less than 10 business days	10 Days
Announcement of basis of allotment	Not more than 7 days after the closing date of the offer	7 days
Allotment	Within 7 days of the announcement of basis of allotment	7 days
Dispatch of share certificates or statements of accounts and refund monies to unsuccessful applicants	From 3 days of the allotment.	
Commencement of trading	7 days from dispatch of certificates	

- (6) The following sequence of events is applicable to an Issuer making a rights offer-
- (a) announcement of intention to list. (This shall be no later than 24 hours after the Board Resolution)
 - (b) securities traded cum rights;
 - (c) application to the Authority and the Exchange for approval of the rights issue;
 - (d) record date of the Issue (This should be not less than 21 days after the application for approval);
 - (e) circular and/or pre-issue statement and letters of provisional allocation posted to shareholders; registered for the rights issue;
 - (f) an announcement giving the terms and salient dates of the rights issue;

- (g) last day for splitting provisional allotment letters;
 - (h) last day for trading cum rights;
 - (i) last date and time for acceptance and payment for new shares;
 - (j) announcement giving the results of the rights offer;
 - (k) documents of title posted or electronic records available at the Central Depository; and
 - (l) securities that are the subject of the rights issue listed (if granted).
- (7) The timetable for a capitalisation issue is as follows-
- (a) publication of announcement, inclusive of price calculation;
 - (b) securities traded cum entitlement;
 - (c) record date for participation in capitalisation issue;
 - (d) application for listing the maximum number of securities that could be issued, and other approvals;
 - (e) securities traded ex-entitlement;
 - (f) securities allotted and listed;
 - (g) dispatch of entitlement to shareholders;
 - (h) securities and listed Share Certificates posted or electronic records made available in the Central Depository; and
 - (i) securities that are the subject of the capitalization issue listed (if granted).
- (8) The timetable for a scrip dividend is as follows-
- (a) publication of announcement inclusive of pricing calculation;
 - (b) securities traded cum entitlement;
 - (c) application and all other documentation submitted for approval by the committee;
 - (d) announcement of Record date for participation in scrip dividend;
 - (e) circular and/or pre-issue statement and letters of provisional allocation posted to shareholders registered for the scrip dividend securities traded ex-entitlement;
 - (f) announcement of results of scrip dividend;
 - (g) securities allotted and listed;

- (h) dispatch of entitlement to shareholders;
- (i) securities and listed Share Certificates posted or electronic records made available in the Central Depository; and
- (j) securities that are the subject of the scrip dividend listed (if granted).

SCHEDULE 3

REQUIREMENTS FOR ARTICLES OF ASSOCIATION

1. Requirements

- (1) No application for listing will be considered until the articles of association (or other instrument constituting or defining the constitution of the Issuer) (“the articles”) has been approved by the Exchange.
- (2) The documents referred to in (1) shall be in English and shall comply with the requirements in respect of an Issuer or in respect of any of the Issuer’s subsidiary companies whose securities are not sought to be separately listed.
- (3) The requirements laid down are not exhaustive. The Exchange will not allow any provisions contained in the articles which may in any way restrict free dealings in the securities or which may in the Exchange’s opinion be unreasonable or which are unlawful.

Contents of Articles of Association – Issuers

2. Preference securities

- (1) If there are cumulative and/or non-cumulative preference shares in the capital of the Issuer, the following right shall attach to such shares-
 - (a) no further securities ranking in priority to or *pari passu* with the existing preference shares of any class shall be created or issued without the consent in writing of the holders of 75 % of the existing preference shares of such class or the sanction of a resolution of the holders of such class of preference shares passed at a separate general meeting of such holders and at which members holding in the aggregate not less than 1/4 of the total votes of all the members holdings securities in that class entitled to vote at that meeting are present in person or by proxy; and
 - (b) the resolution has been passed by not less than 3/4 of the total votes to which the members of that class present in person or by proxy are entitled.

3. Unissued securities

Provision should be made in the articles that unissued equity securities shall be offered to existing shareholders pro rata to their shareholding unless issued for the acquisition of assets. Subject to the provisions of CMA Act Cap 84, the articles may however in addition to the above provide that the shareholders in general meeting may authorise the directors to issue unissued securities and/or give options to subscribe for unissued securities as the directors in their discretion may think fit, provided this has been approved by the Committee.

4. Calls on securities – external Issuer

- (1) Neither the directors nor the Issuer are to be given power on the issue of securities to make any difference between the holders of the same class of share in the amount of calls to be paid and the time of payment of such calls or in any other respect whatever.
- (2) Any amount paid up in advance of calls on any share shall carry interest only and shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.
- (3) Provision should be made in the articles of an external Issuer for the payment of calls at the branch office in Uganda.

5. Lien upon securities

The articles shall not give a Issuer power to claim a lien on fully paid securities and the lien upon partly paid securities shall be limited to the amounts owing upon partly paid securities.

6. Transfer of securities

- (1) Provision shall be contained in the articles for the use of the common form of transfer.
- (2) There shall be no restriction on the transfer of securities.
- (3) The following provision shall be made in the articles-

“Every instrument of transfer shall be left at the transfer office of the Issuer at which it is presented for registration accompanied by the certificate of the securities to be transferred and or such other evidence as the Issuer may require to prove the title of the transferor or his rights to transfer the securities. All authorities to sign Transfer Deeds granted by members for the purpose of transferring securities which may be lodged, produced or exhibited with or to the Issuer at any of its proper offices shall as between the Issuer and the grantor of such authorities be taken and deemed to continue and remain in full force and effect and the Issuer may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the Issuer’s transfer offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notices the Issuer shall be entitled to give effect to any instruments signed under the authority to sign and certified by any officer of the Issuer as being in order before the giving and lodging of such notice.”

7. Transmission clause

A provision to the effect that securities registered in the name of a deceased or insolvent shareholder shall be forfeited if the executor fails to register them in his own name or in the name of the heir etc., when called upon by the directors to do so will not be permitted.

8. Share warrants to bearer

- (1) Provision should not be made for the issue of a new share warrant in place of one lost unless suitable documentation is provided to the satisfaction of the directors of the Issuer concerned.

- (2) Where the memorandum prohibits the issue of share warrants and the articles make provision for the issue etc., thereof the following clause should be inserted in the articles-

“Notwithstanding the provisions contained in these articles with reference to the issue of share warrants the Issuer is prohibited from issuing share warrants unless and until the objects of the Issuer are altered to permit the issue of share warrants.”

9. Commission

The articles should provide that, subject to the Act, the Issuer may not pay commission exceeding 10% to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any securities of the Issuer.

10. Capital

- (1) Power should be contained in the articles for-
- (a) increase of capital;
 - (b) consolidation of securities;
 - (c) conversion of securities into stock;
 - (d) sub-division of securities;
 - (e) cancellation of securities;
 - (f) reduction of capital;
 - (g) conversion of securities into no par value and vice versa;
 - (h) conversion of ordinary shares into redeemable preference shares; and
 - (i) conversion of securities of any class into securities of any other class, whether issued or not.
- (2) Provision should be made that new securities created shall be offered to the existing shareholders pro rata to their shareholding or that new securities are only to be disposed of or dealt with as directed by a general meeting of shareholders. Subject to the listings requirements of the Exchange, the articles may however in addition to the above provide that the shareholders in general meeting may authorise the directors to issue the new securities as the directors in their discretion may think fit.
- (3) The clause in the articles dealing with the reduction of capital should not provide that capital shall be re-paid upon the basis that it may be called up again.
- (4) Provision should be made that in the case of any issue of a fraction of a security, that fraction may be sold for the benefit of the shareholder in such manner as the directors may determine.

11. Notice of meeting

- (1) In the articles of an external Issuer provision should be made that if the notice be given by surface mail at least 30 days notice of a meeting shall be given to all shareholders entitled to notice if such notice is sent from the registered office of the Issuer and at least 21 days notice if the notice is sent from a branch office in the Republic or by air mail from the registered office of the Issuer.
- (2) In the articles of all companies provision should be made for sending notices of meetings to the Listing and Membership Committee at the same time as notices are sent to shareholders.
- (3) The articles should provide that an accidental omission to give notice of any meeting to members shall not invalidate any resolution passed at any such meeting.

12. General meetings

- (1) The business of a general meeting shall include power to sanction or declare dividends.
- (2) The quorum at a general meeting shall be at least three members entitled to attend and vote.

13. Voting at general meetings

In the case of an external Issuer the articles should make provision for depositing proxies at the branch office in Uganda.

14. Directors

- (1) The articles of association shall provide that the minimum number of directors shall be four.
- (2) The articles should provide that the appointment of a director to fill a casual vacancy or as an addition to the board shall be confirmed at the next annual general meeting.
- (3) The articles should provide that if the number of directors falls below the minimum provided in the articles the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.
- (4) If the articles contain a provision that directors may be employed in any other capacity in the Issuer or as a director or employee of a Issuer controlled by or subsidiary to this Issuer a further provision should be made to the effect that his appointment and remuneration in respect of such other office shall be determined by a disinterested quorum of directors.
- (5) The articles should provide that the directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the Issuer, and in attending meetings of the directors or of committees thereof, and that if any director shall be required to perform extra services or to go to reside abroad or otherwise shall be specifically occupied about the Issuer's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of directors which may be either in addition to or in substitution for any other remuneration.

- (6) In a new Issuer all the directors are to retire at the first annual general meeting and at each annual general meeting of the Issuer one-third of the directors, or if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office. In the case of an existing Issuer at least one third of the directors shall retire at each annual general meeting. The aforesaid provisions are however, subject to the proviso that if a director is appointed a managing director or as an employee of the Issuer in any other capacity the contract under which he is appointed may provide that he shall not, while he continues to hold that position or office under contract for a term of rotation be subject to retirement by such contract and he shall not in such case be taken into account in determining the rotation of retirement of directors provided that less than half of the directors may be appointed to any such position on the condition that they shall not be subject to retirement by rotation.
- (7) The period to be allowed before the date of an annual general meeting for the nomination of a new director shall be such as to give sufficient time after the receipt of the notice of the holding of the meeting for nominations to reach the Issuer's office from any part of Uganda.
- (8) If the quorum of directors is two the chairman shall not be permitted to have a casting vote if only two directors are present at a meeting of directors.
- (9) The directors shall be entitled to elect a chairman and deputy chairman and determine the period for which they shall hold office. A resolution signed by directors (or their alternates, if applicable) who are present at the time when the resolution in question is signed by the first of such directors, in Uganda, whose number is a majority of the directors for the time being in office and not less than a quorum for a meeting of directors, inserted in the minute book, shall be as valid and effective as if it had been passed at a meeting of directors. Any such resolution may consist of several documents, each of which may be signed by one or more directors (or their alternates, if applicable) and shall be deemed to have been passed on the date on which it was signed by the last director who signed it unless a statement to the contrary is made in that resolution).

15. Dividends

- (1) The articles should provide that the Issuer in general meeting or the directors may declare dividends. However, the Issuer in general meeting should not be able to declare a larger dividend than that declared by the directors.
- (2) It should be noted that dividends are to be payable to shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the dividend whichever is the later. A period of 14 days at least should be allowed

between the date of declaration or date of confirmation of the dividend whichever is the later, and the date of the closing of the transfer registers in respect of such dividend.

- (3) A provision to the effect that dividends which remain unclaimed for 3 years may become the property of the Issuer will be permitted. Monies other than dividends due to shareholders shall be held in trust by the Issuer indefinitely until lawfully claimed by the shareholder.
- (4) The articles of an external Issuer may provide that the directors may retain any dividend or bonus upon which the Issuer has a lien and may deduct from dividends or bonus all claims or sums of money which may be due on account of calls.

16. Annual financial statements

- (1) Provision should be made in the articles of a Issuer incorporated in Uganda, for a copy of the annual financial statements to be sent to shareholders at least 21 days before the date of the meeting at which it will be considered.
- (2) In the articles of an external Issuer provision should be made that a copy of the balance sheet will be sent to all shareholders at least 30 days before the date of the meeting at which it will be considered if sent by surface mail from the registered office of the Issuer and at least 21 days before that date if sent from a branch office in Uganda or by airmail from the registered office.

17. Notices

Notices are to be sent to all registered members. Notices to the holders of share warrants unless the conditions of issue provide that such holders are to receive notices shall be given by advertisement in Kampala and in the town or district where the registered office of the Issuer is situated, if such registered office is situated outside Kampala, in a daily English newspaper. The articles should provide accordingly.

18. Members registered address

- (1) A clause in the articles to the effect that members shall register an address in Uganda or in some other country will be permitted.
- (2) In the articles of an external Issuer a provision that members are to register an address in the foreign country only will not be permitted.

19. Advertisement of notices

In addition to the notice to be sent to all registered shareholders a provision that notice by advertisement shall be published in Kampala and in the town or district where the registered office of the Issuer is situated, if such registered office is situated outside Kampala, in English and in one other official language in a daily newspaper will be permitted.

Content of Articles of Association – (subsidiary companies)

20. Unissued securities

Provision shall be made in the articles that unissued securities shall be offered to existing shareholders pro-rata to their shareholding, unless issued for the acquisition of assets. The articles may, however, in addition to the above, provide that the shareholders in general meeting may authorise the directors to issue unissued securities and give options to subscribe for unissued securities as the directors in their discretion may think fit, provided this has been approved by the Committee.

21. Calls on securities – external Issuer

Neither the directors nor the Issuer are to be given power on the issue of securities to make any difference between the holders of the same class of share in the amount of calls to be paid and the time of payment of such calls.

22. Lien upon securities – external Issuer

The articles shall not give a Issuer power to claim a lien on fully paid securities and the lien upon partly paid securities shall be limited to amounts owing upon partly paid securities.

23. Transfer of securities

- (1) Provision shall be contained in the articles for the use of the common form of transfer.
- (2) The following provision shall be made in the articles-

“Every instrument of transfer shall be left at the transfer office of the Issuer at which it is presented for registration accompanied by the certificate of the securities so transferred and/or such other evidence as the Issuer may require, to prove the title of the transferor or his rights to transfer the securities. All authorities to sign transfer deeds granted by members for the purpose of transferring securities, which may be lodged, produced or exhibited with or to the Issuer at any of its proper offices shall, as between the Issuer and the grantor of such authorities be taken and deemed to continue and remain in full force and effect and the Issuer may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the Issuer’s transfer offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notice the Issuer shall be entitled to give effect to any instrument signed under the authority to sign and certified by any office of the Issuer as being in order before the giving and lodging of such notices.”

24. Transmission clause

A provision to the effect that securities registered in the name of a deceased or insolvent shareholder shall be forfeited if the executor fails to register them in his own name or in the name of the heir etc., when called upon by the directors to do so will not be permitted.

25. Share warrants to bearer

- (1) Provision should not be made for the issue of a new share warrant in place of one lost unless suitable documentation is provided to the satisfaction of the Issuer concerned.
- (2) Where the memorandum prohibits the issue of share warrants and the articles make provision for the issue etc., thereof the following clause should be inserted in the articles:

“Notwithstanding the provisions contained in these articles with reference to the issue of share warrants the Issuer is prohibited from issuing share warrants unless and until the objects of the Issuer are altered to permit the issue of share warrants.”

26. Capital

Provision should be made that new securities created shall be offered to existing shareholders pro rata to their shareholding or that new securities are only to be disposed of or dealt with as directed by a general meeting of shareholders. The articles may, however, in addition to the above provide that the shareholders in general meeting may authorise the directors to dispose of the new securities as the directors in their discretion may think fit, subject to the provisions of the Capital Markets Authority Statute 1996 and to the listings requirements of the Exchange.

27. Borrowing powers

That the directors may, from time to time at their discretion raise or borrow or secure the payment of any sum or sums of money for the purposes of the Issuer, provided that the total amount owing by the Issuer in respect of monies so raised, borrowed or secured shall not exceed the amount authorised by its listed holding Issuer.

28. Quorum at general meetings

The articles shall provide that a quorum at a general meeting and at an adjourned or postponed meeting shall be at least two members, present in person or by proxy, of whom one member shall be the representative of the holding Issuer, or if a Issuer is a wholly owned subsidiary the representative of the holding Issuer shall suffice.

29. Directors

- (1) The articles should provide that the appointment of a director to fill a casual vacancy or as an addition to the board shall be confirmed at the next annual general meeting.
- (2) The articles should provide that if the number of directors falls below the minimum provided in the articles, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.
- (3) If the articles contain a provision that a director may be employed in any other capacity in the Issuer or as a director or employee of a controlled or subsidiary Issuer, a further provision should be made to the effect that his appointment and remuneration in respect of such other office shall be determined by a disinterested quorum.

- (4) The period to be allowed before the date of an annual general meeting for the nomination of a new director shall be such as to give sufficient time after the receipt of the notice of the holding of the meeting for nominations to reach the Issuer's office from any part of Uganda.
- (5) If the quorum of directors is two the chairman shall not be permitted to have a casting vote if only two directors are present at a meeting of directors.
- (6) The directors shall be entitled to elect a chairman and deputy chairman and determine the period for which they shall hold office.
- (7) A resolution signed by directors (or their alternates, if applicable) who are present at the time when the resolution in question is signed by the first of such directors, in Uganda, whose number is a majority of the directors for the time being in office and not less than a quorum for a meeting of directors, inserted in the minute book, shall be as valid and effective as if it had been passed at a meeting of directors. Any such resolution may consist of several documents, each of which may be signed by one or more directors (or their alternates, if applicable) and shall be deemed to have been passed on the date on which it was signed by the last director who signed it (unless a statement to the contrary is made in that resolution).
- (8) Life directorships are not permissible.

30. Dividends

- (1) The articles should provide that the Issuer in general meeting or the directors may declare dividends. However, the Issuer in general meeting should not be able to declare a larger dividend than that declared by the directors.
- (2) A provision to the effect that dividends which remain unclaimed for 3 years may become the property of the Issuer will be permitted. Monies other than dividends due to shareholders shall be held in trust by the Issuer indefinitely until lawfully claimed by the shareholder.
- (3) The articles of an external Issuer may provide that the directors may retain any dividend or bonus upon which the Issuer has a lien and may deduct from dividends or bonus all claims or sums of money which may be due on account of calls.

31. Notices

- (1) Notices are to be sent to all registered members. Notices to the holders of share warrants unless the conditions of issue provide that such holders are to receive notices, shall be given by advertising in Kampala and in the town or district where the registered office of the Issuer is situated, if such registered office is situated outside Kampala, in a daily newspaper in English and one other official language. The articles should provide accordingly.

32.

Members' registered addresses

A clause in the articles to the effect that members shall register an address in Uganda or in some other country will be permitted.

SCHEDULE 4

REQUIREMENTS FOR CERTIFICATES OF TITLE

The following are the requirements for certificates of title-

1. Name

The name of the Issuer should be clearly printed in bold type. The name shall agree in every particular with that under which the Issuer was registered. Abbreviations of words should not be used unless the name of the Issuer is so registered, e.g. the word "AND" should be printed, and not the abbreviation "&" and the word "LIMITED" should be printed and not the abbreviation "LTD". Should the Issuer be registered with either of these words abbreviated a note should be printed at the foot of the certificate of title to the effect that certificates of title accompanied by transfer deeds having the name of the Issuer abbreviated "&" or the word "and" written in full will be accepted for transfer. A similar procedure should be adopted for any other abbreviations.

2. Change of name

The former name of the Issuer shall be shown in brackets under the new name of the Issuer for a period of at least one year after such change of name.

3. Country of registration

The country of registration shall be printed under the name of the Issuer.

4. Translation of name

Should it be desired to show the translation of the name in another official language this may be shown under the name provided a statement is made on the certificate that the Issuer will accept either name on transfer deeds.

5. Certificate number

The certificate of title number shall be shown on the top left-hand corner.

6. Number of securities

The number of securities represented in the certificate shall be shown on the top right-hand corner. In the case of units of stock the number of units and the nominal value shall be shown.

7. Preference share certificates

Certificates in respect of a first issue of preference shares shall be printed in red, including the border, if any. Certificates in respect of shares, other than a first issue

of preference shares, may be printed in any other approved colour. Where preference shares of a new class are issued, second and subsequent issues of preference shares should be described as “Second Preference Shares”, “Third Preference Shares” etc.

8. Description of securities

A full description of the class of securities, shall be printed in the body of the certificate; the description to be in accordance with that prescribed in the memorandum and articles of association. Where special rights and obligations pertain to the securities (as in the case of preference shares and debentures), salient details of these rights and conditions should be printed on the back of the certificate.

9. Class of securities

A description of the class of securities shall be printed in bold type above the name of the Issuer.

10. Address of registered and transfer offices

The physical and postal addresses in Uganda of the registered and transfer offices of the Issuer shall be stated.

11. Signatures on certificates of title

The date and place of issue of the certificate shall be stated.

12. Certificates cancelled by mutilation

Certificates submitted shall be cancelled by mutilation by the Issuer. (A rubber stamp, or statement in ink to the effect that the certificate has been cancelled, is not sufficient.)

13. Specimens retained

Specimen certificates submitted to the Exchange shall be retained by the Exchange.

SCHEDULE 5

MEMORANDUM OF LISTING

We hereby apply for approval as a sponsoring broker as defined in these listings requirements of the Uganda Securities Exchange. Should such application be successful we undertake to-

- a. discharge our responsibilities as a sponsoring broker under the listing requirements as amended from time to time;
- b. advise the Exchange in writing, without delay, of our resignation or dismissal from appointment, giving details of any relevant facts or circumstances
- c. provide a description of the interest held by the sponsor, the firm and any partner or director of that firm in the Issuer or its subsidiaries; and
- d. acknowledge that the Exchange may censure us if the Exchange considers that we are in breach of our responsibilities and that the Exchange may publicise the fact that they have done so and the reasons for their action.

We declare that the information supplied is complete and correct and agree to comply with the additional notification requirements.

We have read the eligibility criteria for sponsors and believe that this application conforms to the criteria (except as specifically notified to you with this application).

Signature

Name of signatory

Date

Position

Signature

Name of signatory

Date

Position

SCHEDULE 6

DECLARATION BY SPONSORING BROKER

To: Uganda Securities Exchange

Date

Full name of sponsor.....

The undersigned request that you will allow (number) shares of
(denomination) each of (name of Issuer) to be admitted to the Official List.
I, a director of the above sponsor hereby confirm that I have satisfied

myself to the best of my knowledge and belief, having made due and careful enquiry of the Issuer and its advisers, that all the documents required by the Listings Rules to be included in the application for listing have been supplied to the Exchange, that all other conditions of the listings requirements have been complied with; and that there are no matters other than those disclosed in the Application statement or otherwise in writing to the Exchange which should be taken into account by the Exchange in considering the application for admission. I further undertake to inform the Exchange of any additional information that may come to my attention. The securities in respect of which the application is being made will be included in the segment of the List.

SIGNED BY or SIGNED BY

/director of.....(duly authorised officer, for and on behalf
of.....

To be completed in all cases

Application to be heard on:

Dealings expected to commence on:

Name(s) of contact(s) at the sponsor regarding the application:.....

Telephone number:.....

SCHEDULE 7

DOCUMENTS TO BE SUBMITTED TO THE EXCHANGE

The following documents shall be submitted in support of an application for admission to listing and approved by the Exchange prior to listing being granted-

1. (a) Application for listing;
 - (b) Authorisations
 - i. Issuers Board resolution to list
 - ii. Capital Markets Authority approval letter
 - iii. Shareholders resolution
 - iv. Letter of no objection from other exchanges where they are listed, if applicable;
 - (c) Contracts entered into in connection with the Issue-
 - i. underwriting agreements if any; and
 - ii. contracts with registrars where applicable;
 - (d) Certificate of Incorporation of the Issuer or any other incorporation document;
 - (e) Declaration by the sponsoring broker in the form set out in the schedule;
 - (f) Memorandum and Articles of Association of the Issuer or any other constitutive documents;
 - (g) Draft Prospectus / Information Memorandum and copies of documents provided for inspection pursuant to the proposed issue;
 - (h) Financial reports for the prescribed period
 - (i) A list of existing shareholders;
 - (j) Management Contracts if applicable;
 - (k) Specimen share certificate;
 - (l) Letter of undertaking;
 - (m) Material Contracts;
-
2. Any other documents required by the Exchange shall be submitted within the time given by the Exchange.

UGANDA SECURITIES EXCHANGE
Growth Enterprise Market Segment (GEMS) 2021

GROWTH ENTERPRISE MARKET SEGMENT RULES 2021

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UGANDA SECURITIES EXCHANGE GROWTH ENTERPRISE MARKET SEGMENT RULES 2021

PART I – APPLICATION AND DEFINITIONS

1. Application

- (1) These Rules form part of the Rules and Regulations of the Uganda Securities Exchange Limited.
- (2) These Rules shall apply to all parties associated with listings on the Growth Enterprise Market Segment of the Uganda Securities Exchange.

2. Interpretation

- (1) The terms, words and phrases defined in, and the provisions of the Capital Markets Authority Act, Cap 84, (including the rules and regulations made under it), and in the Memorandum and Articles of Association of Uganda Securities Exchange Limited apply to these Rules.
- (2) Unless inconsistent with the context, the singular includes the plural.
- (3) Headings are purely for reference purposes and shall not be taken into account in the interpretation of the Rules.

2. Definitions

In these Rules, unless the context otherwise requires-

“Act”	Refers to the Capital Markets Authority Act (Cap. 84);
“Acquisition”	Means an action where one company is buying a stake in an already existing target company in order to assume control of it.
“Applicant /Issuer”	Is a body corporate incorporated in or registered to conduct business under the laws of Uganda or other legal entity whose securities are either listed on the Uganda Securities Exchange or are subject of an application for listing.

"Authority/CMA"	Means the Capital Markets Authority established by section 4 of the Capital Markets Authority (Cap 84);
"Board"	Means Board of Uganda Securities Exchange
"Cash Company"	Refers to a company that can no longer support its business capitalization and whose assets consist wholly or substantially of cash or short dated securities.
"Closed Period"	<ol style="list-style-type: none"> a. The period of 60 calendar days immediately preceding the publication of a GEM company's annual financial results or if shorter, the period from its financial year end to the time of publication. b. The period of 60 calendar days immediately preceding the notification of its half yearly results to the Exchange or, if shorter, the period from the relevant financial period end up to and including the day of the notification; and c. Any other period when the GEM company is in possession of unpublished price sensitive information; d. During any period when it has become reasonably probable that such information will be required by these rules to be notified to the Exchange or by way of press release;
"Founding Shareholder"	Means any shareholder or group of shareholders entitled to exercise or who control the exercise of fifteen per cent or more of the voting power at any general meeting of the company or one who is in a position to control the composition of a majority of the board of directors of the company;
"Currency Point"	Is equivalent to Uganda Shillings twenty thousand;
"Day"	Unless otherwise specified, shall mean business day;

“De listing”	Means the removal of a security from the Official list of the Uganda Securities Exchange.
“GEMS”	Means the Growth Enterprise Market Segment of the Uganda Securities Exchange;
‘Market Advisor’	Refers to a company licensed by the Authority and (or) registered by the Uganda Securities Exchange to perform the functions of a Market Advisor in these Rules;
“Material Information”	Refers to any information that may affect the price of an Issuer’s securities or influence investment decisions.
“Merger”	Means an arrangement whereby the assets of two or more companies become vested in or under the control of one company.
“MIMS ”	Means the Main Investment Market Segment of the Uganda Securities Exchange;
“Professional investor”	Means a person whose ordinary business or regular activity involves the buying and selling of securities, as a principal, and includes an underwriter, a bank, an insurance company, a fund manager, a broker, a broker’s representative, a dealer, a dealer’s representative, an investment adviser or their representative acting as principal, subject to any exception that may be prescribed by the Authority;
“Publication”	Means to publish in a widely circulating daily English newspaper;
“Reclassification”	Refers to a process when a listed company shifts from one market segment to another upon meeting certain requirements;

“Securities Exchange”

Means the Uganda Securities Exchange ;

“Trade Secret”

Means information including but not limited to a formula, pattern, compilation, program, method, technique, or process, or information contained or embodied in a product, device or mechanism which; is or may be used in a trade or business, is of economic value from not being generally known; and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy;

PART II – LISTING ON THE GROWTH ENTERPRISE MARKET SEGMENT.

4. Eligibility criteria for listing on the GEMS

The following eligibility criteria shall be applicable for listing of securities on the GEMS;

- (1) That the applicant is a public company limited by shares with proof of compliance with required legislations as to its legal status and its operations in Uganda;
- (2) That an applicant which has been recently incorporated and has been in existence for a period of one year or less, provides a statement of its assets and liabilities;
- (3) That with the exception of Rule 4(1) and (2) above, the applicant does NOT meet at least one of the requirements for listing on the Main Investment Market Segment (MIMS) of the Securities Exchange;
- (4) That the applicant has entered into a Market Advisory Agreement with a Market Advisor effective for a minimum period of two years from the application date. A copy of which shall be availed to the Securities Exchange;
- (5) That the application concerns the admission of shares issued as a result of capital increase through partial or full restriction of the pre-emptive rights of the existing shareholders, or a capital increase through private placement;
- (6) That the company's Memorandum and Articles of Association do not prevent the transfer and circulation of the shares to be traded nor, except as may be provided under these Rules, prevent the shareholders from exercising their rights;
- (7) That the shares to be listed are freely tradable as ordinary shares, provided that the Exchange approval will be required in the case of an applicant with different rights attached to them.
- (8) That in the case of an applicant that has formally listed on the Main Investment Market Segment (MIMS) of the securities exchange, a period

of at least 5 years has elapsed from the date of its withdrawal from the MIMS.

- (9) That any application to be made under Rule (8) above shall be subject to a decision of the Exchange

5. Conditions for listing on the GEMS

- 1) In all cases, the Securities Exchange shall only admit an applicant to the Official List on the GEMS on condition that the founding shareholders of a company that is admitted with a trading record of less than five years shall not dispose of their interest in the applicant except under the conditions stated in this Rule;
- 2) That a period of three years has elapsed from the time of admission of the company's securities on the GEMS or where the company has acquired a trading record of five (5) years;
- 3) Upon approval granted by the Securities Exchange for the disposal of such interest before the period stipulated in 5(1) and where proof of the existence of exceptional circumstances or events has been shown;
- 4) That the approval in 5(2) will be granted following receipt of a notice of intention of planned exit for a founding shareholder who intends to dispose of their interest in the company prior to the period stipulated in 5(1) and provided that;
 - a) The notice of intention of planned exit is be submitted subject to the company's securities trading on GEMS for a minimum period of twenty four months; and
 - b) That the planned exit takes place at least three months from the date of issue of the notice to the Securities Exchange.
- 5) That the founding shareholders shall be precluded from disposing of any part of the interest they held in the applicant before admission prior to the period set out in 5(1) except by way of delisting or by reclassification to the Main Investment Market Segment of the Securities Exchange;
- 6) The founding shareholders shall not be precluded from purchasing additional securities following listing. The shares acquired under this provision shall be traded without restriction;

(6) That where a company has been in existence for a period of less than one year, participation in the issue shall be restricted to professional investors.

6. The Securities Exchange may waive certain conditions of the listing for an applicant in particular circumstances. In any case, the Authority shall be informed of any such conditions or waivers under these Rules.

7. Application for admission to the Official List on the GEMS Segment

1) An application for admission to the Official List of the securities exchange on the GEMS shall constitute the following:

- a) A duly completed application form as per “Appendix 1” to these Rules;
- b) A Market Advisor’s Report detailing information as prescribed in Appendix 2;
- c) The most recent year end financial statements of the company;
- d) All supporting documentation as detailed under Rule 8 of these Rules;
- e) Application fees as prescribed in ‘Appendix 3” to these Rules;
- f) Any other information as may be required by the securities exchange.

(2) As far as the application is concerned, the Market Advisor shall be responsible for drawing up and signing off on the supporting documentation referred to in Rule 7(1) (c) above.

(3) As far as the application is concerned, the Directors of the applicant shall be jointly responsible for the accuracy and authenticity of the information and the documents submitted.

8. Supporting documentation.

1) The following documentation and information or any other information required to be submitted for purposes of an application shall be submitted in support of an application for admission to listing on the GEMS and shall also be approved by the Authority prior to admission:

- a. An Approval and Consistency Declaration as prescribed in Appendix 4, signed by the Market Advisor and the Directors of the applicant affirming that the information and documents presented to the

securities exchange are correct. This declaration must be appended to the Market Advisors report;

- b. An undertaking by every founding shareholder that the founding shareholders shall not dispose or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any part of its interest in the applicant, in respect of which they are shown in the application to be the beneficial owners except under the conditions stipulated in Rule 5 of these Rules;
- c. A certified copy of the Market Advisory Agreement executed between the applicant and its Market Advisor;
- d. The most recent year-end audited financial statements;
- e. Copies of the agreements with intermediary institutions, if any;
- f. Certified copies of the applicant's Memorandum and Articles of Association and all amendments thereto;

The role of the Market Adviser in the application process

9. Application process

Upon receipt of an application under these Rules, the Securities Exchange shall respond to the Market Adviser within 15 business days from the receipt of the application; except that where further information has been required in accordance with Rule 8 of these Rules, the period of 15 days shall be calculated from the time the required information is submitted.

10. Admission delays and refusal to admit

- 1) An admission to listing on the GEM Segment may be delayed where;
 - a) Any matter is brought to the attention of the securities exchange which could affect the applicant's appropriateness for the segment. In such an event, the securities exchange will be required to inform the applicant accordingly;
 - b) The applicant does not or will not be in position to comply with any special condition which the securities exchange considers appropriate and of which the applicant has been informed about.

- (2) Where the securities exchange has communicated its comments or opinions as per Rule 9 above, the Market Adviser shall submit a response thereto within 10 business days.
- (3) Following the receipt of the response of the Market Adviser as per Rule 10 above, the securities exchange shall communicate its approval or rejection of the application within 7 business days.

11. Exemptions by the Securities Exchange on the application.

- 1) The Securities Exchange may, in its discretion, and upon terms and conditions it may think fit, exempt applicants from compliance with any provision in these Rules regarding the application except that any exemptions shall not be granted unless it is satisfied that compliance with the requirements-
 - a) Would render the application misleading in some particular or would provide a misleading impression material to the application as a whole; or
 - b) Is inappropriate to the circumstances in which the securities are being offered and the granting of the exemption will not prejudice persons investing; or
 - c) Compliance with the requirement from which the exemption is sought would place an unreasonable and excessive burden on the issuer or any officer of the issuer and any benefit that compliance would provide to persons investing in the securities would be minimal.
- 2) A person who is exempted by the Exchange, subject to a condition, from compliance with a requirement of this Rule shall not contravene or fail to comply with the condition;
- 3) Where a person has contravened or failed to comply with a condition to which an exemption under subsection(1) is subject, the Exchange may cancel the exemption
- 4) The Securities Exchange may refuse an application for admission to the GEM Segment if it considers that the applicant's situation is such that the listing would be detrimental to the interests of investors.

12. Admission and trading on the GEMS

- 1) Upon the successful application for admission to the Official List of the securities exchange on the GEM Segment, the securities exchange shall;
 - a) Issue to the applicant, a letter of admission to the Official List, in the format stipulated under Appendix 5.
 - b) Require that a press release in at least one widely circulated English daily newspaper be published. Details to be included in that publication shall include but are not limited to the following details:
 - i) Name of the company.
 - ii) Proposed date of listing on the GEMS.
 - iii) Securities Issued
 - iv) Signature of an authorized representative.
- 2) Following admission to the Official List, the applicant's securities shall commence trading as per the trading timetable included in the Market Advisor's report.

Reclassification from the GEMS to MIMS

13. Applications for reclassifications

- 1) Where the securities exchange considers that a company qualifies to be listed on the Main Investment Market Segment, it shall subsequently advise such a company on its prospects for reclassification provided that the issuer shall be in fulfillment of the eligibility criteria for listing on the MIMS.
- 2) An application for reclassification from the GEMS to the MIMS of the Official List of the Securities Exchange shall be made by the sponsoring broker and shall constitute the following:
 - a. A formal application in the format prescribed in Appendix 6 to these Rules;
 - b. The relevant corporate resolutions, authorizations and share holder approvals in respect of the application;
 - c. A statement by the Market Advisor on the background information of the issuer, including but not limited to the following:

- a. A statement as to the market segment in which listing is applied for
 - b. The Company's share capital;
 - c. Information concerning the securities to be offered;
 - d. The background information of the Issuer.
- 3) Upon receipt of the application for re-classification the Securities Exchange shall communicate its approval or rejection of the application within 15 business days from receipt of the application; except where the Securities Exchange requires further information on the application, the period of 15 days shall be calculated from the time that the required information is submitted.

14. Effect of mergers or acquisitions on GEMS listings

- 1) If a company listed on the GEMS merges with an unlisted company with the intention of forming a new entity, application for approval of the merger shall be made to the securities exchange. Following approval of the application, the shares of the GEMS listed company shall be replaced with those of the new company.
- 2) In the case of two GEMS companies merging in a scenario where the share account is going to undergo changes, an application for that merger must be submitted to the securities exchange for approval.
- 3) If a company listed on the GEMS acquires another company whether or not it is listed on the GEMS, an application for approval of the acquisition shall be submitted in the instances where the transaction results in changes in the share account. Such application shall be accompanied by consolidated financial statements and pro forma accounts.
- 4) In the case of mergers, it is mandatory that the independently audited interim financial statements of the acquiring/resulting company, which shall be the basis for the merger, be announced.
- 5) A company that is involved in a merger or takeover as stipulated under this Rule shall comply with the provisions of the Capital Markets(Takeovers and Mergers) Regulations.

15. Continuous listing obligations

- 1) Companies listed on the GEMS must keep the Securities Exchange informed of any of the following information on a continuous basis and comply with the continuous listing obligations under section 90A of the Capital Markets Authority (Amendment) Act 2011;
 - (a) Annual audited financial statements, not later than three months from the end of the financial year;
 - (b) Half yearly interim results as approved by the Board, not later than 1 month from the end of the period;
 - (c) Any other financial information that is necessary to enable investors and the public to appraise the financial position of the issuer and of its subsidiaries;
 - (d) Any material adverse event likely to affect the relationship between the company and the Market-Advisor;
 - (e) Any details, events or any other developments likely to affect the market activity in securities of or otherwise affect its subsidiaries and investment decisions or the exercise of rights by investors not later than 48 hours from the occurrence of the event;
 - (f) Any details of material business transactions, included but not limited to those described under Rule 20, within a period of 48 hours from the occurrence of the event;
 - (g) All records of persons who hold securities of the issuer as nominees or in trust on behalf of other persons shall be made available for disclosure or inspection only to the securities exchange and not the public.
- (5) The Company shall submit drafts of all the above information or reports to the Exchange for clearance, prior to publication.
- (6) Notification of the information will not be required where;
 - a) It would be a breach of the law to disclose the information;
 - b) The information concerns an incomplete proposal or negotiations;
 - c) The information compromises matters of supposition or is insufficiently definite such that it would be misleading to the market for it to be disclosed;

- d) The information is generated solely for the purpose of the internal management of the issuer and its advisers; and
- e) The information is a trade secret.

16. Material information to be notified to the Exchange

- 1) A company admitted on the GEM Segment is required to notify the Securities Exchange first of any of the following events and issue a public notice not later than 48 hours from the occurrence of the event:
 - a. A decision to be party to a merger, acquisition or joint venture;
 - b. A decision to conduct a block split or stock dividend;
 - c. A decision to issue a bonus or rights;
 - d. A decision to acquire or terminate a significant contract;
 - e. A decision to introduce a significant new product or service;
 - f. The event of a major discovery or event;
 - g. A decision to purchase or sell a significant asset;
 - h. The emergence of a significant labour dispute;
 - i. The emergence of a significant law suit against the issuer;
 - j. Establishment of a program to make purchases of the Issuer's own shares.
 - k. A tender offer for another Issuer's securities;
 - l. Any other peculiar circumstances that may prevail with respect to the Issuer or the relevant industry to the extent that it affects the company.

- 2) With respect to the events above, the securities exchange may require the Issuer to submit any other information which may be deemed necessary and shall stipulate a penalty not exceeding 1000 currency points for failure to follow the requirements as stipulated in the above rule.

17. Annual Financial Statements and changes to accounting periods.

- 1) Every Issuer shall within three months after the end of each financial year and at least twenty-one days before the date of the Annual General meeting, distribute to all shareholders and submit to the Securities Exchange and publish;
 - a) A notice of Annual General Meeting including details as specified in Appendix 10;
 - b) The annual financial statements for the relevant financial year, which financial statements shall have been reported upon by the Issuer's auditors;
- 2) An issuer shall notify the Securities Exchange without delay and make public any change in its accounting period.

18. Submission of a Continuation Statement.

- 1) The Market Advisor is required to submit to the Securities Exchange and the company every six months a Continuation Statement reflecting;
 - (a) Its willingness to continue to act as a Market Advisor in the last six months of its contract with the company;
 - (b) If the company is appropriate to continue listing on the GEMS;
 - (c) Any problems if any, in the execution of the Market Advisor agreement with the company;
 - (d) Any material facts which may prevent its managers and employees from being impartial in planning, managing and implementing its responsibilities as a Market Advisor;
 - (e) Any other information as may be required to be announced to the public or submitted to the Securities Exchange.

19. Capital increase resulting from a capitalization/bonus issue.

- 1) In case of a capital increase by a company listed on the GEMS, the company must file a complementary application for the shares to be admitted following a bonus issue, which application shall constitute the following:
 - a) A formal application in the format prescribed in Appendix 7A to these Rules;
 - b) The relevant corporate resolutions, authorizations and shareholder approvals in respect of the application;
 - c) Proof of capital increase;

- d) Certified copies of published audited financial statements for the period that the company was listed on the GEM Segment;
- 2) A statement by the Market Advisor on the background to the bonus issue, including but not limited to the following:
- a) A brief history of the Issuer;
 - b) The offer and its terms
 - c) An outline of the Issuer's business operations;
 - d) A brief summary of significant developments in the Issuer;
 - e) Names of directors and senior management and their qualifications;
 - f) Overview of the Issuer's operations against a backdrop of the environment in which they are operating;
 - g) A description of the auditors and legal advisors.

20. Capital increase resulting from a rights issue

- 1) In case of a capital increase by a company listed on the GEM Segment, the company must file a complementary application for the shares to be admitted following a rights issue, which application shall constitute the following:
- a) A formal application in the format prescribed in Appendix 7B to these Rules;
 - b) The relevant corporate resolutions, authorizations and shareholder approvals in respect of the application;
 - c) Proof of capital increase;
 - d) Certified copies of published audited financial statements for the period that the company was listed on the GEM Segment;
- 2) A statement by the Market Advisor on the background to the rights issue, including but not limited to the following:
- a) A brief history of the Issuer;
 - b) Terms of the offer;
 - c) The offer price for the rights issue and its justification in terms of:
 - i) the method or type of issue and the reason for the issue;
 - ii) the amount expected to be raised;
 - iii) the procedure to be followed in respect of:-
 - (aaa) rights taken up;
 - (bbb) rights not taken up;

(ccc) excess applications;
(ddd) underwriting arrangements if any;

- d) An outline of the Issuer's business operations;
- d) A brief summary of significant developments in the Issuer;
- e) Names of directors and senior management and their qualifications;
- f) Overview of the Issuer's operations against a backdrop of the environment in which they are operating;
- g) A description of the auditors and legal advisors.

Shares issued under this Rule, following a bonus or rights issue shall be admitted to the GEM Segment without seeking the initial application criteria for admission and will commence trading as from the date of distribution to the shareholders.

PART III- SUSPENSION AND DE-LISTING OF SECURITIES TRADED ON THE GEMS.

21. Warning notice.

- 1) The Securities Exchange shall issue a warning notice to a company in default of any obligations or requirements in the periods specified under the following rules: A warning notice shall be issued;-
 - (a) Two weeks after the termination of the company's agreement with its Market Advisor for any reason whatsoever and where the company has not contracted another Market Advisor following this termination;
 - (b) Three weeks after the failure to comply with any disclosure or reporting requirements as stipulated under these rules and the rules of the securities exchange;
 - (c) One month after the company has become a cash company and has been declared as such by the Market Advisor;
 - (d) Two weeks from default of payment of any fees or other financial obligations required under these rules and the rules of the securities exchange.
- 2) A warning notice under this rule shall be issued prior to the suspension and delisting of a company's securities from trading on the Securities Exchange and shall carry a penalty as determined by the Exchange
- 3) Any penalty given by the securities exchange in pursuance of the above rules shall not exceed 1000 currency points.

22. Suspension of securities from dealing on the GEMS.

- 1) The Securities Exchange may suspend the dealing in the securities of a company listed on the GEMS where:
 - a) A period of six weeks has elapsed after the termination of the Market Advisory Agreement with the company;
 - b) One month has elapsed after receiving a warning notice from the Securities Exchange concerning the company's failure to adhere to disclosure and reporting requirements as required under the Rules;

- c) The continuous dealing in the securities will, in the opinion of the Exchange, impair the integrity and reputation of the market or will compromise the protection of investors;
 - d) The securities exchange is notified of a decision on the bankruptcy of the company, or the dissolution of the company for any reason such as liquidation;
 - e) The independent audited reports show an adverse financial position of the Company;
 - f) After having received a warning notice, the company has in the period of three months after being declared a cash company failed to improve its financial position.
 - g) The company fails to comply within a period of one month after receiving a warning notice, with its pending fees and other financial requirements as stipulated under these rules and the rules of the Securities Exchange.
- 2) Where the Securities Exchange has suspended the dealing of a company's securities under this Rule, it shall notify the Authority and issue a press release in a least one widely circulated english daily newspaper.

23. Reinstatement following suspension.

- 1) Where a company returns to compliance following suspension, Exchange may re-admit the company following the procedures set below;
 - (a) The submission of an application for re-admission submitted by the Issuer and counter signed by the Market Advisor, demonstrating compliance with the conditions for lifting of the suspension;
 - (b) The submission of an independent audit report for the last interim or annual period prior to the application for re-admission.
- 2) Upon the successful application for re-admission to the Official List of the Exchange on the GEM Segment following a suspension, the Securities Exchange shall simultaneously;

- a) Issue to the company, a notice of reinstatement in the format stipulated under Appendix 8.
- b) Issue a press release in at least one widely circulated English daily newspaper on the reinstatement at the Issuer's cost.

Delisting of a company from the GEMS.

24. Non voluntary delisting.

- 1) The Securities Exchange, may delist a company from the GEM Segment and shall notification the Authority of the delisting if:
 - a) Following a warning and an extension of time for a company to achieve compliance with any of the rules of the Securities Exchange, the company is still in default;
 - b) The company's shares have been suspended from trading for a period of more than four months;
 - c) The company commits a repeat violation in respect of any Rules of the Securities Exchange and ignores any warning notices issued thereafter;
 - d) The company fails or neglects to pay its fees and to meet its financial obligations to the securities exchange for a period of two months after receiving a warning notice;
 - e) The company fails to execute an agreement with a new market advisor within one month following the termination of a previous agreement;
 - f) Any permit, license or agreement of the company, necessary for its operations is cancelled or invalidated;
 - g) A company remains a cash company for a period of six months from being declared as such by the Market Advisor.

25. Voluntary delisting

- 1) A company that wishes to voluntarily delist from the GEMS may make a written application to the Securities Exchange for this purpose stating from which time and date it wishes the delisting to be effective and showing sufficient cause for the request

- 2) An application for voluntary delisting shall only be considered by the Exchange if:
 - (a) It is supported by a special resolution of the shareholders of the company approving the voluntary delisting;
 - (b) Payment of the appropriate fees has been made to the Securities Exchange;
 - (c) A draft public notice concerning the delisting has been attached to the application for approval;
 - (d) The draft public notice in the above rule should state the details and reasons for the delisting and upon approval should be published in at least one widely circulated English daily newspaper at the company's cost.
- 3) Upon the successful application for delisting the securities Exchange shall simultaneously issue to the company, a Letter of Delisting in the format stipulated under Appendix 9 shall be given to the company by the securities Exchange.

PART IV- PROVISIONS ON THE MARKET ADVISOR

26. Qualifications of a Market Advisor

- 1) To qualify as a Market Advisor under these Rules, a company must:
 - a) Be duly incorporated under the Companies Act(Cap 110);
 - b) Hold a license as an Investment Advisor from the Authority;

27. Market Advisor's responsibilities and duty

- 1) Under these rules, the Market Advisor shall be responsible for:
 - a) Providing strategic direction to the company for its listing on the GEMS;
 - b) Assessing if the company is appropriate for listing on the GEMS;
 - c) Project managing the floatation process in terms of setting a timetable, allocating responsibilities and ensuring that all parties adhere to the program;

- d) Submit to the Exchange a Continuation Statement as provided under these Rules;
- e) Participating in the preparation of the application for admission to the GEM Segment;
- f) Jointly attesting with the company, to the accuracy of the information and documents submitted to the securities exchange and to the public;
- g) Advising and guiding the directors of the company to ensure compliance with all applicable laws including but not limited to the Rules of the securities exchange during the application process for admission to the GEM Segment of the company and throughout the Company's listing on the Segment;
- h) Submit to the securities exchange at the time of application a sound business plan covering at least 3 years and demonstrating clearly the sustained viability of the applicant;
- i) Regularly reviewing the company's actual trading performance and financial conditions;
- j) Liaising with the securities exchange and with the company where requested to; and
- k) Providing the Exchange with any other information, in such form and within such time limits as the Exchange may reasonably require.

28 Duty to act honestly and Impartially

- 1) A Market Advisor shall, at all times, have the duty to act honestly and impartially in providing its services to the company.
- 2) A Market Advisor shall be required in its continuation statement to report to the Securities Exchange on the appropriateness of the company to continue being listed on the GEMS as stipulated under these Rules.

29. Termination of Market Advisor contract by resignation.

- 1) A Market Advisor may not resign from its duty with the company before the expiration of the period set out in its Continuation Statement except upon the occurrence of a compelling cause in which case a three months

notice in writing before resignation shall be given to the Securities Exchange and the company along with supporting documents;

- 2) A Market Advisor who reveals in its Continuation Statement that it shall cease its duty to a company at the end of the period specified in its statement, must set out the reasons for such a decision in a detailed statement;
- 3) The Authority shall be notified of any termination under this Rule.

30. Termination of Market Advisor agreement by mutual consent.

- 1) An agreement between the company and a Market Advisor may not be terminated before the expiry of a two year period from its signing however it may be terminated by mutual consent of both parties and on such terms as the parties may agree with prior notice to the Securities Exchange.
- 2) A company by written notice may terminate the services of a Market Advisor under any of the following conditions;
 - a) Upon voluntary delisting of the company;
 - b) Where the company is reclassifying onto the MIMS;
 - c) Where the Market Advisor defaults in the performance of any of its obligations under the agreement and such default remains unremedied two months after written notice requiring such default to be remedied.
- 3) A Market Advisor may by written notice to the company, terminate the contract in the event that the company defaults in any payments due for services of the contract and the company has not remedied the default within two months following written notification;
- 4) The parties shall have the right to terminate the agreement upon delivery of a written notice to the securities exchange three months prior to termination of the contract;
- 5) The Authority shall be informed of any termination under the above Rule.

31. Action against a Market Advisor

- 1) If a Market Advisor fails to fulfill its obligations and duties or where a Market Advisor is deemed to act inefficiently in its operations, the

Securities Exchange shall give a warning notice to the Market Advisor, stipulating the action required and give any time lines for correcting such default.

- 2) The circumstances that may warrant the issuing of a warning notice to a Market Advisor include;
 - a. Careless and negligent performance of duties and obligations;
 - b. Failure to comply with any instructions of the Exchange;
 - c. Violation of the professional order or traditions;
 - d. Corruption or abuse of office by its personnel;
 - e. The issuing of statements and committing of acts likely to damage the image and reputation of its contracted company and the Securities Exchange;
 - f. Any other circumstances that may arise.

32. Restriction or suspension of a Market Advisor

The Securities Exchange may restrict the powers or responsibilities of the Market Advisor, issue conditions for its operation or suspend it or prevent it from entering into any new agreements basing on its performance assessment where a Market Advisor:

- a) Deliberately fails to fulfill the procedures and principles set by the securities exchange and these Rules;
- b) Makes false declarations and unfounded claims about its contracted company;
- c) Fails to have in place sufficient personnel and technical infrastructure necessary to fulfill its duties and obligations;
- d) Releases publications likely to damage the image and reputation of the company and securities exchange;
- e) Refuses to cooperate with the securities exchange staff in carrying out any due inspections or when reported as insufficient to render advisory services;
- f) Absconds from its Market Advisory services without notice to the contracted company proving sufficient cause;
- g) Fails to keep records or documents of its transactions;

- h) is found to carry out its responsibilities insufficiently as evidenced by its periodic reports to the securities exchange;
- i) Any other circumstances that may arise.

33. Termination of a Market Advisor

The Securities Exchange shall terminate all or any of its current agreements if a Market Advisor:

- a) Loses its Investment Advisor's license;
- b) Hides, alters or destroys any information relating to the company's transactions for any detrimental purposes;
- c) Divulges confidential contracted company's information without company's consent or uses such information to obtain personal gain;
- d) Fails to complete acts and transactions required by the securities exchange to terminate its suspension within the period required.

PART V- CLOSED PERIODS

34. Dealing during a closed period.

- 1) All directors and employees of an issuer are restricted from dealing in any of its securities during a closed period unless a binding commitment was already entered into prior to the issuer being in such a closed period and it was not reasonably foreseeable at the time the commitment was made of the likely happening of the closed period.
- 2) The commitment referred to in the above rule must have been notified to the securities exchange.
- 3) The Securities Exchange shall permit the selling of securities by directors or employees of an issuer during a closed period after an application showing sufficient cause has been submitted and approved by the Exchange.
- 4) The disposing of any securities by founder shareholders shall be subject to the conditions prescribed under Rule 5 of these Rules.

PART VI-FEES

- 35** The fees stipulated in USE Fees Charges and Penalties Rules Rules shall apply to transactions on the GEM Segment:

PART VII – GENERAL AND MISCELLANEOUS PROVISIONS

Amendment of these Rules

- 36** These Rules may be amended from time to time as may be agreed by the Board
- (1) No amendment to these Rules shall come into force unless and until it has been approved by the Authority.

PART VIII- APPENDICES ON FORMATS USED IN THE GEMS

APPENDIX 1

APPLICATION FOR ADMISSION OF SECURITIES TO THE OFFICIAL LIST OF THE GEMS

1 The application should contain the following

a) A statement that-

“It is understood that the granting of a listing pursuant to this application shall not constitute a contract between this Issuer and Uganda Securities Exchange;

b) Regarding the Issuer’s share capital:

i) The amount of the authorized share capital of each class of share and the nominal value and number of securities in each class;

ii) The amount of the share capital issued and to be issued in conjunction with the application of each class of share, and the number of those securities in each class, also indicating clearly in respect of which securities listing is applied for; and

iii) The nominal amount and number of securities in each class of authorized but unissued capital of the Issuer;

c) The nominal amount and the number of securities of each class:

i) Offered to the public for subscription(either by the Issuer or otherwise), and the date the offer was made;

ii) The number of securities of each class applied for, and the date the offer shall be open and closed, anticipated extension periods(where this information is available at the date of application);

iii) Where and to whom purchase or subscription applications shall be addressed; and

iv) The number of securities of each class allotted, and the date of allotment(where this information is available at the date of application);

d) The method and time limits for delivery of equity securities to subscribers and that monies in respect of excess applications will be refunded within 7 days of the allotment date if applicable;

2) The application shall be signed by a director of the Issuer and the Market Advisor.

3) The completed application form shall be accompanied by;

a) A resolution of the directors of the issuer authorizing the application for admission to the listing;

b) Approval of the prospectus from the Authority;

c) The relevant listing fee;

d) An undertaking by the issuer that it shall comply with the listing obligations of the Exchange and the continuous disclosure requirements of the CMA.

APPENDIX 2

DISCLOSURE REQUIREMENTS IN THE MARKET ADVISOR'S REPORT.

The Market Advisor's report shall contain information regarding but not limited to the following:

- 1) A company information form including details of:
 - a) Information on the issuer:
 - i) The full name and abbreviation of the company name, which abbreviation shall not exceed 7 letters including the spacing.
 - ii) the registered office and if different, the head office of the Issuer; and
 - iii) The date and country of incorporation including copies of certification.
 - b) Offer statistics and expected timetable:
 - i) A statement that a copy of the prospectus has been delivered to the Registrar of Companies;
 - ii) A full description of the nature and amount of the issue;
 - iii) A statement of the resolutions, authorizations and approvals by virtue of which the shares have been or shall be created;
 - iv) A description of the method to be used for the offer, stating the total amount of the issue and method of determining the expected issue price for the offer;
 - v) A full description of the manner in which results of the distribution of the securities are to be made public.
 - vi) The proposed timetable showing when securities will be traded on the Exchange after the admission of securities has been granted.
 - c) Identity of directors and auditors if applicable:
 - i) Their full names, business addresses and qualifications;

ii)The total aggregate of the remuneration paid, amounts payable or any benefits if any, granted to directors;

d) Major shareholders information:

i)The names and description of the founding shareholders and their respective interests.

e) A list and brief description of the other GEMS clients the Market Advisor is servicing.

f) Business Overview and financial information:

i)A statement as to annual accounts of the Issuer or any subsequent interim financial statements and for which period they have been audited preceding this application;

ii)A business plan covering at least 3 years and demonstrating clearly the sustained viability of the applicant;

iii) A description of the dividend policy to be adopted;

iv) A description of the Issuer's principal activities, main categories of products sold and/ or services performed since the end of the financial year to which the last annual accounts preceding the application relate;

v)Description of any new significant products where applicable;

vi)Capital resources and profit forecasts;

vii)Details of material loans by the Issuer;

viii)The names and addresses of the Issuer's bankers, legal advisors if any;

ix) Major investments and contracts;

x)Organizational structure, plant and property;

g) Risk factors:

i) A description of prominent risk factors that are specific to the company or its industry and that are material to the securities being offered.;

ii) Impact of inflation, foreign currency fluctuations if material on the issuer's business;

h) Inspection of company documents;

i) A statement directing investors as to where they can access the Issuer's Memorandum and Articles of Association, audited financial statements.

i) Conflict of interests;

i) Description of any potential conflicts of interests between any duties to the company, and any of the director's private interests.

j) Pending litigations, if any;

2. A clause shall be included in the Market Advisor's Agreement reflecting an obligation to report to the Exchange six months before the end of the two year contract as to whether its Market Advisory services will continue to be rendered to the company.
3. A report from the reporting accountant on the profit forecast and the basis of their opinion on the company's performance shall be included in the Market Advisor's Report.
4. The agreement between the Market Advisor and the company shall be subject to these rules and the rules of the Exchange.

APPENDIX 3

APPROVAL AND CONSISTENCY DECLARATION

- 1) The approval and consistency declaration must be attested to and signed by the directors of the company and the Market Advisor.
The statement must declare that;
 - i)The information and documents presented to the securities exchange and announced to the public during the application for admission to the GEMS are true and consistent with the establishment and operation purposes of the GEMS;
 - ii)The Issuer will comply with these Rules and the Listing Rules of the Exchange as amended from time to time.
- 2) The Market Advisor must attest to the following conditions: That;
 - i)The directors of the company have received satisfactory advice and guidance as to the nature of their obligations to ensure compliance with these Rules and the Rules of the securities exchange;
 - ii)To the best of its knowledge and belief, having made due and careful enquiry, all relevant requirements of these rules have been complied with;
 - iii)In its opinion, it is satisfied that the applicant and the securities which are the subject of the application are appropriate to be admitted to the GEMS.
- 3) For a company with a trading record of less than 3 years, the following paragraph should be inserted prominently and in bold on the first page of the application and preceding offer document;

“The Growth and Enterprise Market Segment is designed primarily for emerging or smaller growth companies to which a higher investment risk tends to be attached than to larger or more established companies. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after, careful consideration and, if appropriate, consultation with a professional financial adviser.”

APPENDIX 4

LETTER OF ADMISSION TO THE OFFICIAL LIST ON THE GEMS

1. The contents of the formal letter of approval of admission onto the GEMS will include-
 - a) A statement to the director of the applicant showing that all documents submitted in regards to the application were in compliance with the Exchange's listing requirements and the GEMS Rules and therefore approval has been given; and The financial obligations of the applicant as far as application and listing fees will also be given.

APPENDIX 5

APPLICATION FOR RECLASSIFICATION ONTO THE OFFICIAL LISTS ON THE MAIN INVESTMENT MARKET SEGMENT.

1. The application should contain the following-
 - a) A statement that-

“It is understood that the granting of a reclassification pursuant to this application shall constitute a contract between the Issuer and the Uganda Securities Exchange”;
2. Reasons for seeking the transfer;
3. A copy of the shareholder’s resolution authorizing such a transfer;
4. A statement as to the market segment of the Official List in which listing is applied for, and the abbreviated name of the Issuer, such name not exceeding seven characters inclusive of spaces. The application shall be signed by the secretary, a director of the Issuer and the Market Advisor;
5. A declaration by the Market Advisor requesting that the securities of the company be admitted to the desired Official List, including a statement confirming that to the best of its knowledge and having made due enquiry of the applicant, that all the conditions of the market requirements to that segment have been met.
6. A copy of its most recent independently audited financial statements preceding the application.

APPENDIX 6A

SUPPLEMENTARY APPLICATION FOR ADMISSION OF SHARES FOLLOWING A BONUS ISSUE.

- 1 The application should contain the following information;-
 - a) A proposed timetable in respect of the following events;
 - i) Publication of announcement, inclusive of price calculation;
 - ii) Dates of securities traded cum entitlement;
 - iii) Record date for participation in capitalization issue;
 - iv) Application for listing the maximum number of securities that could be issued and other approvals
 - v) Securities traded ex-entitlement;
 - vi) Securities listed;
 - vii) Date when records will be made available on the central depository;

- 2 The applicant shall state;
 - i) Securities that are subject of the capitalization issue listed(if granted)
 - ii) The shareholding structure;
 - iii) The expected net proceeds and its application;
 - iv) If any underwritten agreements exist, a copy of such agreement shall be submitted;
 - v) Names and addresses of auditors who have audited the accounts of the applicant during the preceding one year; and
 - vi))The names and addresses of the brokers sponsoring the application for admission to listing.

- 2 The applicant shall also;
 - i) Make a declaration that the annual accounts have been audited;

 - ii) Furnish a statement from the applicant's auditors stating that all circumstances regarding the additional listing known to the auditor and which could influence the evaluation by investors of the applicants assets, liabilities, financial position results and prospects are included in the report;

- iii) Provide and analysis of all significant changes in the share capital of the Issuer and the share price movement over the previous year including the highest and lowest share price in the last three years;
 - iv) The daily share price and the amount traded for a year prior to the bonus issue;
 - v) Market capitalization as at the last day of the month preceding the application including issued and fully paid shares and their par value;
 - vi) Latest statistics on earning per share, dividend per share, net asset value per share and dividend cover
18. Other information to be submitted with the supplementary application include;
- i) Names of the directors and senior management and their qualifications;
 - ii) Statement on any important development affecting the applicant or its business since the latest annual report of the applicant;
 - iii) Details if applicable of the applicant being considered or having been considered officially for suspension or de-listing by the Exchange;
 - iv) if the securities to be listed are to be issued in connection with the acquisition of a controlling interest in, or of all the assets subject to a liability of another Issuer, the latest balance sheet supplemented by the latest available interim statements;
 - v) one copy of each contract, plan or agreement pursuant to which the securities are to be issued;
 - vi) if the securities are to be issued in acquisition of a stock interest in another Issuer, or properties or other assets, a copy of a report obtained in connection with the proposed acquisition;
 - vii) a copy of all letters of authority from the relevant government authorities.
- 5 A statement or estimate of the cost involved in the application divided into;
- i) Advisor's expenses;
 - ii) approval fees;
 - iii) printing costs;

- iv) advertising costs;
 - v) professional fees payable to advisors to the rights issue; and
 - vi) other costs.
6. The directors shall provide an analysis of;
- i) All significant changes in share capital and the highest and lowest share price movement over the previous year preceding the application;
 - ii) Daily share price and the amount traded for a year prior to the issue;
 - iii) Market capitalization as at the last day of the month preceding the application including issued and fully paid shares and their par value and how this compares;
 - iv) Latest statistics on earnings per share, dividend per share, net asset value per share and dividend cover; and
 - v) Statistics based on the offer price such as price per earnings ratio, gross dividend ratio, price to net asset value.
7. Financial statements including;
- i) The audited Annual Report for the preceding year. Where the application is submitted six(6) months after the year-end, the audited half yearly results. Where the application is submitted three(3) months after the audited results, management accounts for the period should also be included;
 - ii) The reporting accountant's report;
 - iii) Proforma profit and loss account based on the audited accounts and managements analysis of the impact of the issue on the Issue; and
 - iv) Any other significant development that may have occurred since the last annual report.
8. All documents relevant to the issue should be readily available to be inspected by shareholders and other interested parties;
- a. Documents referred to above include;
- i. the Information memorandum;
 - ii. audited financial statements;

- iii. copy of the Board and shareholders' resolutions authorizing the issue;
- iv. copies of the certificate of Incorporation and the Memorandum and Articles of Association.

b. Copies of these documents shall be made available to the public for inspection during working hours at the registered office of the Issuer and at the Exchange.

- 9 The following sequence of events is applicable to an Issuer making a bonus offer;
- a. Announcement of intention to list the securities;(This shall be no later than 24 hours after the Board Resolution);
 - b. Securities traded cum entitlement;
 - c. Application to the Authority and the Exchange for approval of the issue;
 - d. Record date of the issue(This should be not less than 21 days after the application for approval)
 - e. An announcement giving the terms and salient dates of the rights issue;
 - f. Securities traded ex entitlement
 - g. Dispatch of entitlement to shareholders;
 - h. Records available at the securities central depository;
 - i. Securities that are subject of the issue listed(if granted);

10 The timetable for a bonus issue is as follows;

EVENT	NUMBER OF DAYS	MINIMUM NUMBER OF DAYS
Publication of announcement inclusive of price calculation and date of participation in capitalization issue	24 hours from Board resolution	24 hours
Application to the Authority and the Exchange for approval of issue		
securities traded cum entitlement and ex entitlement	Not more than 10 business days for each period	10 days
Application for listing maximum number of securities that could be issued and other approvals	3 days publication of announcement	3 days
Securities allotted and listed		
Dispatch of entitlement to shareholders	7 days from allotment	7 days
Securities and listed electronic records made available in the SCD	7 days from dispatch of entitlements to shareholders	7 days

APPENDIX 6B

SUPPLEMENTARY APPLICATION FOR ADMISSION OF SHARES FOLLOWING A RIGHTS ISSUE.

- 1 The application should contain the following information;
 - 1) A timetable in respect of the following events;
 - i) Book closure date to determine rights entitlement;
 - ii) Commencement of offer period;
 - iii) The splitting date;
 - iv) Last day for exercise of rights;
 - v) Last day for application for additional shares;
 - vi) Announcement for rights issue results;
 - vii) Commencement of trading of the new shares.

- 2 The applicant shall state;
 - i. The rights new issue ratio and the price of the new issue shares;
 - ii. The basis of rights issue price its terms ; iii) The expected net proceeds and its application;
 - iii. Details of underwriting arrangements if any, a copy of such agreement shall be submitted;
 - iv. Names and addresses of auditors who have audited the accounts of the applicant during the preceding one year; and
 - v. The names and addresses of the brokers sponsoring the application for admission to listing.

- 3 The applicant shall also;
 - i. Make a declaration that the annual accounts have been audited; an

- iv) Furnish a statement from the applicant's auditors stating that all circumstances regarding the additional listing known to the auditor and which could influence the evaluation by investors of the applicants assets, liabilities, financial position results and prospects are included in the report.
- 4 Other information to be submitted with the supplementary application include;
- i) Information about the management of the Issuer;
 - ii) Statement on any important development affecting the applicant or its business since the latest annual report of the applicant;
 - iii) Details if applicable of the applicant being considered or having been considered officially for suspension or de-listing by the Exchange;
 - iv) If the securities to be listed are to be issued in connection with the acquisition of a controlling interest in, or of all the assets subject to a liability of another Issuer, the latest balance sheet supplemented by the latest available interim statements;
 - v) One copy of each contract, plan or agreement pursuant to which the securities are to be issued;
 - vi) If the securities are to be issued in acquisition of a stock interest in another Issuer, or properties or other assets, a copy of a report obtained in connection with the proposed acquisition;
 - vii) A copy of all letters of authority from the relevant government authorities.
 - viii) A statement or estimate of the cost involved in the application divided into;
 - a. Brokerage expenses;
 - b. Approval fees;
 - c. Printing costs;
 - d. Advertising costs;
 - e. Professional fees payable to advisors to the rights issue; and
 - f. Other costs.

6. The directors shall provide an analysis of;
- i) All significant changes in share capital and the highest and lowest share price movement over the previous year preceding the application;
 - ii) Daily share price and the amount traded for a year prior to the issue;
 - iii) Market capitalization as at the last day of the month preceding the application including issued and fully paid shares and their par value and how this compares;
 - iv) Latest statistics on earnings per share, dividend per share, net asset value per share and dividend cover; and
 - v) Statistics based on the offer price such as price per earnings ratio, gross dividend ratio, price to net asset value.
- (5) Financial statements shall be submitted to the Exchange including;
- i) The audited Annual report for the preceding year. Where the application is submitted six(6) months after the year-end, the audited half yearly results. Where the application is submitted three(3) months after the audited results, management accounts for the period should also be included;
 - ii) Proforma profit and loss account based on the audited accounts and managements analysis of the impact of the issue on the Issue;
 - iii) Any other significant development that may have occurred since the last annual report; and
 - iv) If the Issuer's rights issue involves the acquisition of another
 - v) Issuer, the financial statement of the latter Issuer should be submitted.
 - vi) A sample of the provisional letter of allotment should be provided.

- 8 All documents relevant to the issue should be readily available to be inspected by shareholders and other interested parties;
 - i) Documents referred to above include; i)The Information memorandum; ii) Audited financial statements;
 - ii) A copy of the Board and shareholders' resolutions authorizing the issue;
 - iii) Sample of the provisional letter of allotment;
 - iv) Copies of the certificate of Incorporation and the Memorandum and Articles of Association.
- 2) Copies of these documents shall be made available to the public for inspection during working hours at the registered office of the Issuer and at the Exchange.
- 3) Post rights Issues shall include the following-
 - i) A copy of the shareholders resolution authorizing the Issue, dully passed during the AGM;
 - ii) Detailed report on the results of the Issue and the number of additional shares to be listed.
- 10 The following sequence of events is applicable to an Issuer making a rights offer;
 - a) Announcement of intention to list the securities;(This shall be no later than 24 hours after the Board Resolution);
 - b) Securities traded cum rights;
 - c) Application to the Authority and the Exchange for approval of the issue;
 - d) Record date of the issue(This should be not less than 21 days after the application for approval)
 - e) Circular and/ or pre-issue statement and letters of provisional allocation posted to shareholders; registered for the issue;
 - f) An announcement giving the terms and salient dates of the rights issue;

- g) Last day of splitting provisional allotment letters;
- h) Last day for trading cum rights;
- i) Last date and time for acceptance and payment of new shares;
- j) Announcement giving the results of the rights offer;
- k) Records available at the securities central depository;
- l) Securities that are subject of the issue listed(if granted);

10 The timetable for offers for sale or subscription in a rights issue shall be as follows:-

EVENT	NUMBER OF DAYS	MINIMUM NUMBER OF DAYS
Publication of announcement of rights issue		
Application to the Authority and the Exchange for approval of issue		
Offer period	Not less than 10 business days	10 days
Announcement of basis of allotment	Not more than 7 days after the closing date of the Offer	7 days
Dispatch of statements of accounts and refund monies to unsuccessful applicants	From 3 days of the allotment	
Allotment	Within 7 days of the announcement of basis of allotment	7 days
Commencement of trading	7 days from dispatch of account statements	7 days

APPENDIX 7

NOTICE OF REINSTATEMENT

The notice of reinstatement will be a formal letter to the director of the company as follows;

This is to inform you of the decision of the Listing Committee of the Uganda Securities Exchange to immediately LIFT the suspension ofcompany ltd under Rule of the GEMS Rules following the return to compliance with USE regulations regarding

APPENDIX 8

NOTICE DELISTING A COMPANY'S SECURITIES FROM THE OFFICIAL LIST OF THE GEMS.

The notice shall be in form of a formal letter to the director of the delisted company as follows;

This is to inform you of the decision of the Listing Committee of the Uganda Securities Exchange to delist the securities ofcompany ltd from the official list of the GEMS. This will take effect beginning from the of 20...

APPENDIX 9

NOTICE OF ANNUAL GENERAL MEETING.

The following information shall be disclosed in the notice of an Annual General Meeting;

- (i) Date of the Annual General Meeting;
- (ii) Venue where meeting shall be held;
- (iii) Ordinary Resolutions proposed;
- (iv) Special Resolutions proposed.

UGANDA SECURITIES EXCHANGE
Trading Rules 2021

**THE UGANDA SECURITIES EXCHANGE LIMITED
TRADING RULES 2021**

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UGANDA SECURITIES EXCHANGE TRADING RULES 2020

PART I – APPLICATION AND DEFINITIONS

1. Application

- (1) These Rules form part of the Rules of the Uganda Securities Exchange
- (2) These Rules shall come into force on the date of approval from the Authority.
- (3) All listed securities admitted to the Main Investment Market Segment , Growth Enterprise Market Segment and Fixed Income Segments of the Exchange shall be traded in accordance with these Rules, through the Automated Trading System (ATS) unless otherwise specifically exempted by these rules or the Act.

2. Interpretation

- (1) The terms, words and phrases defined in, and the provisions of the Capital Markets Authority Act, Cap 84, (as amended including the rules and regulations made under it), apply to these Rules.
- (2) Unless inconsistent with the context, the singular includes the plural and the use of either gender includes the other.
- (3) Headings shall be taken into account in the interpretation of the Rules.

3. Definitions

In these Rules, unless the context otherwise requires-

“Act”	Refers to the Capital Markets Authority Act (Cap. 84) and the Regulations and Guidelines issued thereunder.
“All or None(AON)”	Refers to a block trade for a fixed quantity of securities which must be filled in its entirety simultaneously.
“Authority”	Refers to the Capital Markets Authority.
“Automated Trading System” (ATS)	Refers to the software, hardware, communications and network systems forming the electronic trading system for the automatic matching of orders designated and approved by the Exchange for the trading of listed securities on the Exchange.

“ATS Operator”	Means an authorized Trading Participant’s Representative certified by the Exchange as an ATS Operator and having a unique identification number.
“Bank of Uganda”	Refers to the Central Bank of Uganda.
“Bidding Advance”	Refers to the allowable margins within which a trader may move the price of a security up or down during trading.
“Board Lot”	Means a standard number of shares or stocks determined by the Exchange which can be traded on the market for a particular board.
“Bond reference Price”	Bond reference price Means the last traded clean price of a fixed income security
“Chief Executive ”	Refers to the Chief Executive Officer of the Exchange
“Companies Act”	Refers to the Companies Act Cap No.1 of 2012.
“Currency point”	One currency point is equivalent to Twenty Thousand Uganda Shillings

Daily Trading Summary Schedule	Means the schedule generated by the Exchange in which all transactions dealt by a Trading Participant in a trading session are recorded.
“Day Order(DO)”	Refers to an order qualifier that allows an order to remain valid until the close of the trading session.
“Days”	Means calendar days excluding Saturdays, Sundays and public holidays.
“Dealer”	Means a person who carries on the business of buying, selling, dealing, trading, underwriting or retailing of securities whether or not he carries on any other business.
“Dealing in securities”	Means making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into- <ul style="list-style-type: none"> a. any agreement for or with a view to acquiring, disposing of, subscribing for or underwriting listed securities; or b. any agreement the purpose or intended purpose of which is to secure a profit to any of the parties from the yield of listed securities or by reference to fluctuations in the price of listed securities.
“Dealing Spread”	Refers to the allowable margin within which the price of a deal may move up or down during trading.
“Dirty Price”	means the price of a coupon bond that includes the present value of all future cash flows, including interest accruing on the next coupon payment
“EAT”	Means East African Standard Time
“Equity Reference Price”	Means the price calculated and used to establish the opening price of a listed equity security.

“Equity Security”	<p>refers to:</p> <ul style="list-style-type: none"> a. a share, stock or other security representing a unit of ownership in the capital of a body corporate; any right, warrant, option or futures in respect of shares; or b. any unit, interest or share offered under a collective investment scheme.
“Exchange”	Means the Uganda Securities Exchange Limited
“Exchange Trading Workstations”	Refers to the Trading Workstations placed on the Trading Floor for use by Trading Participants during an ATS Trading Session
“Expire”	Refers to a situation where an order input in the ATS is terminated or ceases to be valid
“Fixed Income Security”	<p>Refers to:</p> <ul style="list-style-type: none"> a. a debenture or bond issued or proposed to be issued by a government or local authority or b. debentures , bonds or notes to be issued by a body corporate
“GEMS”	Refers to the Growth Enterprise Market Segment of the Exchange
“Good Till Cancelled (GTC)”	Refers to an order qualifier that allows an order to remain valid till cancelled on a specified date.
“Good Till Day(GTD)”	Refers to an order qualifier that allows the order to remain valid for a fixed number of days.
“Government Bonds Dealer”	<p>Refers to a Trading Participant who is authorized by the Exchange to trade in Government securities</p> <p>Means a non-retail investors conducting investment business.</p>
“Institutional Investor”	
“Issuer”	Means an entity that is quoted or listed on the Exchange.

“Immediate or Cancel (IOC)”	Refers to an order qualifier that requires the immediate purchase or sale for the whole or part of the specified quantity at the specified or better price
“IT Help Desk”	Refers to the function in the Information Systems Department of the Exchange dedicated to providing support to Trading Participants accessing the ATS through the Trading Console
“Limit Order”	Refers to an order for an equity security for which a price has been specified
“Listed”	Means admitted either to the Main Investment Market Segment.
“Lot”	Means the number of securities comprising an order.
“Market Halt”	Means the stopping of trading in all listed securities during a trading session.
“Market Order”	Means a separate segment of the official list established by the Exchange, with the approval of the Authority, with respect to listings of securities for which specific eligibility and disclosure requirements are prescribed.
“Market Segment”	
Material issuer’s Information”	<p>Refers to any information that may affect the price of an security or influence investment decisions and includes but is not limited to information on -</p> <ul style="list-style-type: none"> (a) a merger, acquisition or joint venture; (b) a block split or stock dividend; (c) earnings and dividends of an unusual nature; (d) the acquisition or loss of a significant contract (e) a significant new product or discovery; (f) a change in control or significant change in management; (g) a call of securities for redemption; (h) the public or private sale of a significant amount of additional securities; (i) the purchase or sale of a significant asset; (j) a significant labour dispute; (k) a significant law suit against the issuer; (l) establishment of a programme to make purchases of the issuers own shares (m) a tender offer for another issuer’s securities; (n) significant alteration of the memorandum and articles of association of the Issuer; or (o) any other peculiar circumstances that may prevail with respect to the issuer or the relevant industry. <p>Refers to any information that may affect the price of securities or influence investment decisions and includes but is not limited to information on -</p>
“MIMS”	Refers to the Main Investment Market Segment of the Exchange.

“Odd Lot”	Refers to a lot comprising less than 100 shares.
“Odd Lots Board”	Refers to the designated board in the ATS for trading of odd lots.
“Official List”	Means a list specifying all securities which have been admitted to listing on any of the market segments of the Exchange
“Order”	Means electronic instructions by a client to a stockbroker as to the security name, quantity, price or price limits and validity of instructions and for the purposes of these rules means a verified order entered in the ATS to buy or sell securities.
“Order Book/ Central	Means the electronic record in the ATS of the sequential list of unexecuted orders entered by the Registered ATS Operators
“Order ID”	Is a unique number generated by the ATS that identifies an order.
“Par value”	Means the nominal value of a fixed Income security or the price at which it will be redeemed
“Remote Trading”	Refers to the trading under the ATS that takes place away from the trading floor using the trading console
“Rules”	Refers to the rules of the Exchange currently in force as approved by the Authority
“SCD”	Refers to the Securities Central Depository established under the Securities Central Depository Act of 2009.
“SCD Account”	Means an account established by the Securities Central Depository. For deposit or for the recording of book-entry securities and cash balances, in respect of dealings in securities by the depositor
“SCD Rules 2009”	Refers to the rules made by the Exchange for the operation of the SCD.
“Secondary Listing”	Refers to a security that is listed in the first instance on another market and is subsequently listed on the Official List of the Exchange .

“ Securities”	<p>Means</p> <ol style="list-style-type: none"> a. debenture or bonds issued or proposed to be issued by a government b. debentures, shares, bonds or notes issued or proposed to be issued by a body corporate c. any right, warrant, option or future in respect of any debentures, shares and bonds, notes, depository receipts or in respect of commodities or derivatives; or d. units, interest or share offered under a collective investment scheme; e. or investment contracts f. any financial instruments, commonly known as securities , but doesn't include; <ul style="list-style-type: none"> • Bills of Exchange • Promissory notes or • Certificates of deposit issued by bank or financial institution licensed under the Financial Institutions Act,2004 g. Any other instrument prescribed by the authority to be a security
“Settlement”	Refers to the fulfillment of the obligation arising from a purchase or sell of a security, specifically payment of purchase price by the buyer to the seller and transfer of securities by the seller to the buyer
“System Failure”	Refers to equipment breakdown or the breakdown, interruption, suspension, termination or failure or defect in any system (hardware or software), including but not limited to any trading system, or service rendered by or on behalf of the Exchange.
“T”	When used in reference to a transaction is the day a transaction is effected in the ATS.
“T+”	Denotes the number of business days after the day on which the transaction is effected in the ATS.
“Trading Console”	Means Trading Stations registered with the Exchange for use by Trading Participants for remote trading.
“Trading Floor”	Means a market halt or a security halt.
“Trading Halt”	
“Trading Manager”	Refers to any place designated and operated by the Exchange as such.

Means an officer of the Exchange by such or similar title so called.

“Trading Participant

Refers to a body corporate licensed by the Authority as a broker/dealer and approved by the Exchange to carry on the business of buying or selling of securities as an agent of investors, in return for a commission or on their own behalf.

“Trading Participant’s Representative”

Means a representative of any person licensed by the Authority who is in the employment of a Trading Participant and who plays a critical role in the company, and includes a trader, director, general manager, analyst, or any other person employed by the licensee who plays a critical role.

“Trading Session”

Means the hours during which trades may be entered into and matched through the ATS as specified in these rules.

“Transaction”

Means the matching and execution of a buy and a sell order.

“Unit”

Means the minimum tradeable quantity which shall be UGX 100,000 (One hundred Thousand Shillings)

“Validation”

Refers to a process carried out by the ATS prior to the acceptance of an order in the ATS.

PART II – ACCESS TO THE ATS

4. Access to the ATS

- (1) The Exchange operates an Automated Trading System (ATS) which is designated to match and buy sell orders entered into a central electronic order book by Authorised Trading Participants under the supervision of the Exchange; and which shall be the Primary Trading Platform of the Exchange.
- (2) Access to the ATS shall unless otherwise approved by the Exchange:
 - (a) be through the Trading Console by an authorised ATS Operator who shall be a Trading Participant representative
 - (b) Officers of the Exchange and the Authority may also be granted access to the ATS using unique personal identification user name and codes provided by the Exchange for administrative and oversight purposes respectively.
- (3) Each Trading Participant shall at all times strictly comply with the Rules of the Exchange and any guidelines, manuals and instructions as may from time to time be issued by the Exchange in relation to ATS Trading.
- (4) The Exchange shall have the discretion to deny any Trading Participant and or Trading Participants representative access to the ATS if they are in breach of these Trading Rules.
- (5) Each Trading Participant shall inform the Exchange of its designated ATS Operators and shall immediately inform the Exchange of any changes thereto.
- (6) Each designated ATS Operator shall access the ATS using a unique personal identification user name and code provided by the Exchange.
- (7) Trading Participants shall be liable for any loss that may arise in the event that their Trading Console is accessed by unauthorized persons to input orders in the ATS and which shall be the Primary Trading platform of the Exchange.
- (8) Where a Trading Participant intends to connect to the ATS whether directly or indirectly, any device, equipment or facility for any purpose whatsoever, such Trading Participant must receive written approval from the Exchange.
- (9) A Trading Participant who is unable to update or remove orders from the ATS or unable to access the ATS through its designated Trading Console shall immediately notify the
- (10) Exchange. The notification shall be directed to the Exchange's Chief Executive, Trading Manager, Head of Information Systems and/or the IT Help Desk by telephone and in writing, by electronic mail or by facsimile.
- (11) The Exchange shall within fifteen (15) minutes provide an alternative terminal to a Trading Participant upon receipt of notification under rule 4(8).

- (12) A Trading Participant who has notified the Exchange of its inability to update or remove orders from the ATS or to access the ATS may request the Exchange to update or remove its orders from the ATS. Such instruction shall be confirmed in writing immediately thereafter but in any event no later than the end of the trading session.

5. ATS Remote Access

- (1) Trading Participants may participate in trading on the Exchange via Remote Trading.
- (2) Trading Participants shall be responsible and bear all costs for providing, connecting and maintaining the Trading Console.
- (3) The Exchange shall give each Trading Participant access to the ATS through the Trading Console and shall give the required specifications and software for connectivity to the ATS.
- (4) Trading Participants shall not in any form or fashion modify the Trading Console without prior approval of the Exchange.
- (5) Remote trading can only be conducted by an ATS Operator.

6. ATS Access at the Trading Floor

- (1) Each Trading Participant shall be granted access to the ATS through a Trading Console located on the Trading Floor.
- (2) The Exchange shall assign each Trading Participant a designated Trading Console on the Trading Floor through which the Trading Participant's designated ATS Operators shall access the ATS.
- (3) Unauthorized persons shall not be permitted onto the Trading Floor.
- (4) Authorized persons shall include Trading Participants' representatives, ATS Operators, officers of the Exchange, officers of the SCD, officers of the Authority, and any persons authorised by the Chief Executive or Trading Manager.
- (5) ATS Operators shall at all times strictly comply with the Rules of the Exchange and any guidelines, manuals and or instructions as may from time to time be issued by the Exchange in relation to the ATS Floor Sessions.

7. Conduct and Dress Code

- (1) All persons on the Trading Floor shall be expected to conduct themselves in a respectable and responsible manner.
- (2) All persons on the Trading Floor shall be well groomed and the permitted dress code shall be formal.
- (3) USE Trading Floor Personnel shall wear green jackets while on the Trading Floor.
- (4) ATS Operators shall wear red jackets while on the Trading Floor.
- (5) SCD officers, Officers of the Authority and all authorised persons shall wear identification badges while on the Trading Floor.

PART III- EQUITIES TRADING

MARKETS & BOARDS

8. Markets

- 1) The equities market of the Exchange comprises;
 - a. The Main Investment Market Segment. (MIMS)
 - b. The Growth Enterprise Market Segment. (GEMS)

9. Main Investment Market Segment

- 1) The Main Investment Market comprises the following boards;
 - a. Normal Board
 - b. Odd Lots Board
 - c. The Block Trades Board

10. Growth Enterprise Market Segment

- 1) The Growth Enterprise Market comprises the following boards;
 - a. Normal Board
 - b. Odd Lots Board
 - c. The Block Trades Board

11. The Normal Board

- 1) The normal board shall trade listed ordinary shares, preference shares and other securities.
- 2) The minimum board lot on the Normal Board shall be 100 shares.
- 3) All transactions on the Normal Board shall be settled by T+3.

12. Odd Lots Board

- 1) The Odd lots board shall trade listed ordinary shares in a separate order book on the Odd Lots Board.
- 2) Odd lots shall only be entered as limit orders.
- 3) The maximum board lot on the Odd Lots Board shall be less than 100 shares
- 4) The minimum number of equity securities to be bought or sold may be specified on an odd lot order.

- 5) Odd lot orders shall not be entered during pre-open.
- 6) Odd lot orders shall not be considered for execution during the opening auction.
- 7) Odd lot trades shall be matched and settled using the same rules as Normal Lots trades.
- 8) All transactions on the Odd Lots Board shall be settled by T+3

13. Block Trade Transactions

- 1) Block Trade Transactions shall comprise;
 - a) The All Or None transactions (AON).
 - b) Special Transactions.

14. Special Transactions

- (1) Any transaction which is equivalent to 5% or above of the securities market capitalization of any listed equity security shall require prior approval of the Exchange.
- (2) Any transaction which involves the sale of any security at a discount or appreciated price of more than 25% below or above the reference price of such security shall require prior approval of the Exchange.

TRADING PROCEDURES

15. Trading Hours

- (1) Trading of listed equity securities shall be conducted in sessions commencing at 9.00 a.m. and closing at 3.00 p.m. each day.
- (2) Time shall be determined by the clock displayed through the ATS trading software according to the time schedule below:

Sessions	Time
Pre-open	9.00 a.m. to 9.30 a.m.
Opening Auction	9.30 a.m.
Continuous Trading	9:30 a.m. to 3.00 p.m.
Closing Session	3.00 p.m.
Trade Amendments/Cancellation	3.00 p.m. to 3.30 p.m.
AON Transactions	10.00a.m. to 3.00 p.m.

- 3) The Chief Executive may adjust the trading hours upon the occurrence of an event that prevents adherence to the set trading hours.

Trading Sessions

16. Pre-Open

- 1) During pre-open, orders can be entered, deleted or amended. However, no trades take place. Orders shall be held in the ATS but not forwarded to the execution engine.
- 2) The session status will be displayed as “**PRE-OPEN**”.
- 3) Price information shall not be displayed in the order book during pre-open and no trades shall take place.
- 4) Only Limit price orders can be entered, amended or cancelled.
- 5) No market orders shall be entered during pre-open. If submitted such order will be rejected.
- 6) The price input for an order shall be based on the equity reference price of the equity security and shall be within its price spread.
- 7) Orders with FOK, IOC, disclosed quantity and minimum fill attributes will not be accepted by the ATS during Pre-Open.
- 8) The order price input shall be based on the reference price of the security and must be within its price spread.

17. Opening Auction

- (1) The opening price of each equity security shall be calculated by the ATS during the opening auction.
- (2) The opening price of each equity security shall be within the daily allowed price movement limits from the equity reference price of the previous trading session.
- (3) The opening price of an equity security shall be volume weighted average price of the previous trading session at which the greatest number of equity securities are matched.
- (4) In case of a tie between many prices, the price at which the maximum number of shares are traded shall be the opening price.
- (5) Valid orders from the previous day's trading session shall participate in the opening auction, preserving their time priority.
- (6) Where there are no trades in an equity security during the opening auction, the opening price for continuous trading shall be the equity reference price of the equity security in the previous trading session.

- (7) All orders that can be matched at the opening price are executed at the same price.
- (8) All orders that are not matched during the opening auction shall be automatically transferred to continuous trading and registered in the order book in priority of first price and then time.

18. Continuous Trading

- 1) This period covers the trading operations where new orders are continuously entered into the system.
- 2) Incoming orders are checked against existing orders in the order book. An attempt is made to match each incoming order and thereby trigger a transaction or several transactions.
- 3) An order will be matched with the best opposite order and subsequent best orders until partly or fully executed or no further matching is possible.
- 4) During continuous trading, the session status will be displayed as "OPEN".
- 5) Orders registered in the order book in priority of first price and then time shall be entered and matched on a continuing basis during continuous trading.
- 6) The best price of a buy transaction shall be the lowest sell order and best price of the sell transaction shall be the highest buy order in the order book.
- 7) The criteria for execution during continuous trading are as follows:

a) Price Priority; Where the highest bid and the lowest offer have precedence over all other orders. Orders are ranked by price sequence in the order book.

a) Time Priority; When orders are at the same price, the earliest one takes priority over those entered later. If a large order is placed with a smaller disclosed quantity (hidden orders) and the disclosed quantity is executed, the order will lose its time priority.

b) Market Orders; Here price is given the highest priority in the system. The ATS will attempt to match the order until either the entire volume is matched or no further matching is possible.

19. Closing Session

- 1) The closing session is a short session after the end of the continuous trading.
- 2) The ATS will compute the closing price for each security being the last execution price during the trade day.

20. Trade Amendments

- 1) Trading Participants may request the Exchange to make an amendment or reallocation of a trade or change of trading information (correction of trade information) by 3.30pm EAT on T.
- 2) Requests for trade corrections shall be made in writing, by electronic mail or by facsimile by all the Trading Participants involved in the transaction and;
 - a. shall include an explanation providing sufficient justification as to why the trade should be amended.
 - b. In considering whether or not to accept the justification provided by a trading participant, the interests of the market shall be paramount over any other interest.
- 3) Approval of requests for correction or amendment of a trade shall be granted at the Exchanges discretion.
- 4) Trade corrections and amendments shall be made in accordance with Rule 44 of these rules.
- 5) Where the Exchange approves a request for a correction the Exchange shall make the necessary adjustment to the trade.
- 6) All trade corrections shall be made before the computation of the equity reference price for each equity security.
- 7) The ATS will process time in force order attributes and any unmatched orders will be automatically deleted. Valid GTC and GTD orders will be transferred to the next market day.

21. Trading of Securities on “Ex” or “cum” Basis

- 1) All securities will be traded "ex" (i.e. ex-dividend, ex-bonus, ex-rights) three working days before the date fixed for the closing of books for determination of entitlement.
- 2) Securities that have been cross listed on the Exchange will be traded “ex” the day after the date fixed for the closing of books for the determination of entitlements or such other date as the rules of the Exchange of principal listing shall determine.
- 3) Bonus and Dividend claims will be deemed valid if they meet the following criteria-
 - a. late registration by the Exchange;
 - b. bad delivery at the Exchange and subsequent redelivery made late;
 - c. non-delivery;
 - d. the delivery when lodged for registration by the Exchange before the
 - e. company book closure was rejected by the Registrar;
 - f. registration of shares traded ex entitlement but registered before company book closure by the registrar;
 - g. the claim is forwarded to the Exchange within 10 business days of dispatch date by the Registrar.

- 4) The buying trading participant will, if they cannot obtain the buyer to sign for transfer as the transferor, protect the interest of the buyer by undertaking to register the securities in their nominee account and every trading participant will have a nominee account for this purpose.
- 5) Claims shall be prepared in triplicate and a separate claim form shall be issued in respect of each transaction and submitted in the manner prescribed by the Exchange.
- 6) The claim shall be accompanied by a claims schedule which shall include the following information-
 - a. date of transaction;
 - b. slip number;
 - c. number of shares;
 - d. security;
 - e. type of claim, dividend and/or bonus;
 - f. the Net Dividend Amount due, in case of a dividend;
 - g. the Number of Bonus shares, in case of a bonus claim;
 - h. date of Delivery to the Exchange [and the Company Registrar];
 - i. date of Announcement for which the claim arises; and
 - j. date of register closure at the company.
- 7) On receipt of the copies at the Exchange, the claims schedule shall be marked to acknowledge receipt, and distributed to the buying trading participant and the selling trading participant;
- 8) Both the selling and buying trading participants will acknowledge receipt of the distributed claims schedule.
- 9) Trading Participants will forward to the Exchange the names of their staff members to whom such claims will be addressed by the Exchange and names of staff members authorised to collect claims from the Exchange.
- 10) Trading Participants will be expected to address the claim within *five (5)* business days of receipt of the claim.
- 11) Any claim not forwarded to the Exchange within ten business days of dispatch of entitlement by the Registrar shall not be reconciled and the defaulting trading participant shall be required to settle their client.

Securities sold "cum rights"

- 12) Where securities sold "cum rights" have not been delivered in time for registration for the buyer to receive their entitlement direct, the securities may nevertheless be delivered pursuant to the sale provided that an amount as in subrule (13) is deducted from the settlement pending delivery of the signed renunciation forms.

- 13) The amount to be deducted by a selling trading participant pending delivery of the signed renunciation forms shall be determined by the Exchange and shall be paid the buying trading participant upon delivery by the selling trading participant of a signed renunciation form for the accruing rights.
- 14) Where the seller of securities is not the registered owner and where it is apparent that the securities sold "cum rights" may not be delivered to the buying trading participant in time for registration in the buyer's name before the closing date of books for entitlement, the seller shall protect the buyer's interest as regards the rights entitlement as provided in the following ways-
 - a. seller to register the securities in seller's name promptly after the sale;
 - b. selling trading participant to forward documentary evidence of such
 - c. registration to the buying trading participant and the Exchange;
- 15) The Exchange may not institute buying in action in accordance with these Rules if it is satisfied with the evidence furnished; and seller undertakes to deliver the relevant securities and the signed renunciation form(s) for the accruing rights as soon as they are received by the seller.
- 16) Claims for accruing rights securities
In a sale of securities carrying a specific entitlement where the securities have been delivered in time but not transferred to the buyer before the date of the closing of the transfer books to determine the holder's entitlement to participate in a new issue, it shall be the responsibility of the buyer to immediately advise and instruct the trading participant to promptly claim upon the original selling trading participant.
- 17) Claims for rights shall be prepared by the claiming trading participant in the manner prescribed by the Exchange and issued in respect of each transferor with the following information.
 - a. details of securities in respect of which the claim is made; number of rights claimed;
 - b. date of purchase by the claiming trading participant;
 - c. the name of the registered holder;
 - d. the date on which the books closed to determine shareholders' entitled to participate in the issue;
 - e. the date the securities were received by the claiming trading participant;
 - f. the original selling trading participant's code number; and
 - g. the date on which the original securities were lodged with the company for registration where the securities were received by the claiming trading participant more than two months before the date of the claim.
- 18) The claiming trading participant shall forward the claim, together with the relevant renunciation(s) in the required denominations, to the original selling trading participant;

- 19) The original selling trading participant shall acknowledge receipt of the claim to the claiming trading Participant, not later than the business day following receipt of the claim.
- 20) The original selling trading participant shall immediately claim on its principal in writing, stating that the claim is made under these Rules.
- 21) When a claim for rights or new issue is received by an original selling trading participant on or before the third business day prior to and inclusive of the final date for the lodgement of shareholders' applications, it shall immediately claim on the principal in writing, stating that the claim is made under these Rules.
- 22) Where a claim for rights or new issue of securities is received by the original selling trading participant after the third business day prior to and inclusive of the final date of lodgement of shareholders' applications, the claiming trading participant shall include in its claim the date on which the old securities were lodged with the company for registration.
- 23) The original selling trading participant may supply the claiming trading participant with the name and address of the original seller, or claim on its principal in writing, stating that the claim is made under these Rules.
- 24) A claim accepted by an original selling trading participant shall be finalised by-
 - a. the delivery of a renunciation form completed by the renouncer, not later than three business days prior to the final date upon which renunciation forms must be lodged with the company; or
 - b. the delivery of new issue securities on payment of application fees where applicable; or
 - c. the payment of the net proceeds less application fees where applicable, if the "rights" or new issue securities have been sold by the original seller.
- 25) When the "right" to a new issue has been allowed to lapse, a claim shall be invalid and the original copy of the claim, endorsed accordingly, shall be returned to the claiming trading participant.
- 26) A claiming trading participant shall reimburse the original selling trading participant for any expenses incurred in protecting a claim for "rights" or new issue securities.
- 27) The original copy of a claim shall be attached to the securities or a cheque (or other proof of payment deemed acceptable by the Exchange) delivered in satisfaction of a claim for "rights" or new issue securities.

22. Buying in and Selling out procedures

- 1) Buying-in against a selling trading participant may proceed in accordance with the provisions of this Rule.
- 2) If the selling trading participant fails to deliver the securities to the Exchange on or before T+3, the Exchange shall authorise the buying trading participant to buy-in against the selling trading participant.

- 3) The Exchange will prepare and dispatch to the defaulting trading participant, a buy-in notice by 3.00p.m on T+4.
- 4) If no delivery is received by 11.00a.m on T+5, buying-in will commence on T+5 after 11.00a.m or such time as the Chief Executive Officer or his authorised representative may determine.

Buying-in procedures

- 5) On the day of buying-in, the Exchange shall, at 10.00 a.m. indicate on the Trading Floor Board or through the ATS a list of securities to be bought-in, naming the security, the number to be bought, the selling Trading Participant who is at risk, and the price which it is proposed to pay.
- 6) The tender by the selling trading participant of more securities than the number purchased shall not debar the Exchange from authorising buying-in.
- 7) The Exchange shall have the discretion not to allow buy-in in any security where the securities concerned are delivered to the Exchange not later than 11.00 a.m. on the buying-in day; in such case, the Exchange shall remove the security from the list on the Trading Floor Board or such designated Board in the ATS.
- 8) The price bid shall be two (2) minimum spreads above the higher of the last recorded sale or buying offer at the close of business on the previous day or at the commencement of the buying-in, whichever is the higher.
- 9) The buying-in shall commence at 11.00 a.m. and sellers may offer for immediate delivery any securities shown in the list, the first offer at the price bid to be accepted.
- 10) Offers may be in whole or in part of any particular security, provided that where part only is being offered, it shall be in marketable parcels.
- 11) Where the securities are not obtained, the buying trading participant shall have absolute discretion to raise the price bid by two (2) minimum spreads from time to time throughout the market day until the securities are bought or delivered to the Exchange.
- 12) Where the securities cannot be obtained on the buying-in day, the buying-in shall continue on the following and successive business days at two (2) minimum spreads higher than the buying-in bid price at the close of the previous market day, and thereafter the buying trading participant shall have absolute discretion to raise the price bid by two (2) minimum spreads from time to time throughout the business day until the securities are bought or delivered to the Exchange.
- 13) The Exchange shall have power to suspend the increase in bids if it is considered advisable.

- 14) The selling trading participant, unless it is the original buyer, shall deliver the securities to the Exchange Clearing House before 4.00 p.m. for buying-ins effected in the morning of the same market day.
- 15) The buying trading participant shall pay the selling trading participant by 4.00 p.m. on the following business day.
- 16) Where Securities to be bought in are not available in the market (three) 3 trading sessions after commencing the buy-in, the Exchange may rescind the transaction and invoke the guarantee fund procedures 2020 and penalties thereunder.
- 17) The defaulting trading participant will not participate in the buy-in process.

Exceptions to buy-in

- 18) The buying-in procedures shall not apply whenever the Exchange has declared that a corner situation has arisen or a single interest or group has acquired such control of the security that the same cannot be obtained for delivery except at prices and on terms dictated by such interest or group.
- 19) The Exchange may suspend either indefinitely or for such time as it considers fit, the buying-in of any securities when circumstances appear to make the suspension desirable, and the Exchange shall inform the Authority of the reasons for the suspension.
- 20) The Exchange may, from time to time, either during the continuance or after the termination of any suspension, remove, renew or re-impose the suspension. the event of a trading participant selling to another trading participant failing to deliver securities when due, the offended broker/dealer shall purchase the securities against the trading participant in default in accordance with the procedures set out in these Rules.

Selling out

- 21) Where a buying Trading Participant fails to settle the amount due on securities purchased at the Exchange by T+3 the Exchange shall invoke the Guarantee Fund Procedures in force at the time.

23. Transfers

- 1) All transfers of securities shall be processed in accordance with these Trading Rules of the Exchange; including private transfer of securities.
- 2) The Exchange shall reject delivery of a transfer unless it is duly signed by the transferor and contains the following details-
 - a. the name of the company;

- b. the full name and address of the transferor;
 - c. the quantity, class and denomination of the securities;
 - d. the Trading Floor slip number corresponding to the transaction; and
 - e. the statutory declaration of non-revocation if the transfer is signed under a power of attorney.
- 3) The Exchange may refuse acceptance of a transfer-
 - a. where the transfer has been signed by a transferee and the transferee's signature cancelled or filled in with a transferee's name and the name cancelled;
 - b. where an amended consideration is shown on the transfer and the correction has not been signed by the transferor;
 - c. where erasures of material information have been made; or
 - d. where the transfer form has been altered in some other material manner.
- 4) Death of vendor
In the event of the death of a vendor of securities between the time of the vendor placing the order to sell, but before the vendor has signed the relative transfers, the buyer's right to institute buying-in proceedings against the seller shall not be impaired and the executor or administrator of the deceased vendor shall be liable to pay for all losses and expenses incurred as a result of the buying-in.
- 5) Death of purchaser
In the event of the death of a purchaser of securities between the time of the purchaser placing the order to buy but before the purchaser has paid for such securities, the seller's right to institute selling-out proceedings against the buyer shall not be impaired and the executor or administrator of the deceased purchaser shall be liable to pay for all losses and expenses incurred as a result of the selling-out.
- 6) Powers of attorney
Any transfer of securities executed under a power of attorney or by an executor or administrator shall :
 - (a) bear an endorsement to the effect that the power of attorney, probate, or letters of administration has or have been exhibited to the grantor.
 - (b) be accompanied by a statutory declaration of the non-revocation of the power of attorney at the time of signing of the transfer, or shall bear a marking by the grantor that the declaration or statement has been lodged with the grantee.
- 7) A trading participant who has, in good faith delivered for a client, or taken from a trading participant such a transfer, shall be under no liability to the client of the buying trading participant in respect of any loss which the client may suffer by reason of the invalidity or insufficiency of the power of attorney, declaration, statement or transfer, or any defect in the title of the transferor.

24. Private transfers

- 1) A Private transfer means a transfer of securities between the transferor and transferee which does not involve monetary consideration effected through the Exchange.
- 2) Private transfers shall include-
 - a. gifts to parties authorised by law to receive such gifts, such as charities and philanthropic legal persons;
 - b. gifts to close relations as duly recognised by law;
 - c. administration of estates;
 - d. Transfers from nominee accounts to the underlying beneficiary client
 - e. Transfer from Trust account to underlying beneficiary
 - f. Transfer of shares held in trust from a duly appointed trustee to beneficiary
 - g. Transfer of securities held in an employee share scheme or similar scheme to an employee or beneficiary in whom the securities have fully vested
 - h. corporate action such as restructuring where there is no transfer of beneficial interests;
 - i. any other transaction of an exceptional nature considered by the Exchange to be proper and acceptable.
- 3) Private transfers under sub -rules 2 (a)- (g) shall be considered by the Chief Executive Officer of the Exchange on submission of an application to the Chief Executive.
- 4) Private transfers in sub rule 2 (h) –(i) shall be considered by the Authority on submission of an application to the Authority.
- 5) The application for a private transfer shall-
 - a. be addressed to the Chief Executive Officer of the Exchange;
 - b. be on official letterhead and contain a schedule in which the details of the transfer sought are clearly indicated, including the name of the issuer, the names of both the transferor and transferee, the number of certificates attached and their certificate numbers, the number of shares being transferred and a description of the nature of the transfer;
 - c. in instances where the transfer is as gift, indicate the capacity in which the gift is being given, and the authorization to receive the gift if the gift is being given to a legal person;
 - d. be accompanied by an affidavit from the transferor relaying the intention to give the gift;
 - e. be made in duplicate; and
 - f. be delivered to the Chief Executive Officer’s Office or to the Authority.

- 6) The Authority shall have the discretion to determine whether a transfer qualifies as a private transfer in the instances described under sub rule (1) (d) and (e)
- 7) For purposes of this Rule, close relations shall mean spouse, child (including duly adopted child), parent, sibling, grandchild, grandparent as recognized by the relevant laws of Uganda.

ORDER TYPES & QUALIFIERS

25. Types of orders

- (1) The two types of orders that can be placed in the ATS are;
 - a) Market Orders
 - b) Limit Orders

26. Market orders

- (1) A market order is an order to buy or sell a security at the best price or prices prevailing in the market at that point in time.
- (2) For a market order no price is specified but the volume must be indicated.
- (3) The ATS gives the highest priority to price hence market orders have priority of execution over limit orders.
- (4) Only Minimum Fill attribute is applicable to market orders.
- (5) Market orders cannot be amended.

27. Limit Orders

- 1) A Limit Order specifies the maximum buying price or the minimum selling price.
- 2) The volume of the order must be indicated.
- 3) The ATS will attempt to match the order until either the entire volume is matched or no further matching is possible within the limit price.
- 4) Unless Fill Or Kill (FOK) or Immediate Or Cancel (IOC) are specified, the unmatched volume will remain in the order book until the indicated expiration time.
- 5) Limit orders can have the following attributes:
 - a. Qualifiers
 - b. Time in force
 - c. Disclosed/Hidden quantity

28. Qualifiers

- 1) The following order qualifiers modify the execution conditions of an order based on volume, time and price constraints.
 - a. Fill or Kill (FOK)
 - b. Immediate or Cancel (IOC)/ Take or Kill

29. Fill or Kill (FOK)

- 1) An order qualified as Fill or Kill requires the immediate purchase or sale of a specified quantity, at a given price or better. If the whole order cannot be filled immediately, it is cancelled.
- 2) These orders do not get registered in the order book.
- 3) FOK orders cannot be entered during pre-opening session.

30. Immediate or Cancel (IOC)/ Take Or Kill

- 1) An order qualified as immediate or cancel shall be executed immediately upon entry if there is a matching order in the system.
- 2) An order qualified as immediate or cancel shall be cancelled immediately upon entry if there is no matching order in the system.
- 3) Where an order qualified as immediate or cancel is partly executed, the remainder shall be immediately cancelled.
- 4) Orders qualified as immediate or cancel shall not be entered during pre-open.
- 5) It shall require the immediate purchase or sale for the whole or part of the specified quantity at the specified or better price.
- 6) Where no immediate execution occurs the order is cancelled. If the order is partly executed, the remainder is immediately cancelled.

31. Time in Force

- 1) Time in force attributes limit the lifetime of an order in the order book. If an order does not indicate a time condition, it is only valid for the trading session day on which it was input.
- 2) The time in force attributes include;
 - a) Good Till Cancelled
 - b) Good Till Day
 - c) Day Order

32. Good Till Cancelled (GTC)

- 1) A GTC order remains valid until it is automatically cancelled by the system on the expiry date being a date not later than thirty (30) days from the date on which it was input.
- 2) GTC orders cannot have Disclosed/Hidden Quantity and Minimum Fill attributes.

33. Good Till Day (GTD)

- 1) A GTD order remains valid for a fixed number of days and if it is not executed within the validity period it shall expire at the end of the final day. It shall be automatically deleted from the list of pending orders.
- 2) GTD orders cannot have Disclosed/Hidden Quantity and Minimum Fill attributes.

34. Day Order (DO)

- 1) The order is valid until the close of the trading day.
- 2) Day orders shall be automatically cancelled at the end of the trading day.

35. No Qualifiers

- 1) Orders will be executed at the specified or better price.
- 2) Where a partial execution occurs, the remaining volume will stay in the order book.

36. Disclosed/ Hidden Quantity (Iceberg)

- 1) The order size is revealed at the disclosed quantity and not at the full order quantity.
- 2) The disclosed quantity should be in multiples of 100 securities and the hidden quantity will not be visible to the market.
- 3) The disclosed quantity will cause execution to occur in blocks of disclosed quantity.
- 4) When the disclosed quantity is matched, a new order with the same initial volume is generated automatically and given a new time stamp.
- 5) The process will continue until the entire hidden quantity is matched or the order is cancelled or expired.
- 6) The disclosed quantity attribute is not valid for FOK or IOC orders.
- 7) Disclosed quantity attribute is only valid for Day orders.

37. Minimum Fill

- 1) The ATS operators can specify a minimum fill for an order, that is, a minimum quantity of securities they are willing to buy or sell.
- 2) The minimum fill must be a minimum of 100 securities.
- 3) Minimum fill attribute is only valid for Day orders.

38. Order Input

- 1) All orders shall be entered by ATS operators in the ATS through their Trading Console which shall then be processed by the ATS for validation, acceptance and execution.
- 2) Once the order is accepted by the ATS it shall be automatically time stamped and allocated an order ID which shall be used for all future references to the order.
- 3) Orders input into the ATS shall be anonymously displayed to the market.
- 4) A Trading Participant shall be solely responsible for the accuracy of details of orders entered into the ATS system in accordance with these rules.
- 5) The order entry instructions for equity securities shall include:
 - (a) Security code
 - (b) SCD Account
 - c) An indication whether it is a buy or sell order
 - d) Quantity
 - e) Price
 - f) Limit or Market Order
 - g) Order attributes
- 6) Following the entry of an order, the ATS shall validate the order by confirming that the seller's SCD account holds the required number of securities and that the same are available for trading.
- 7) Subject to clients instructions, ATS Operators shall use their best endeavors to buy and sell securities on the same trading day following the receipt of instructions from their respective clients, if the Trading Session is open or if not at the next available Trading Session.
- 8) An ATS Operator must stamp client orders to denote time of receipt and acceptance and must submit client bids and offers in the ATS promptly, for each security, for each individual order in the order in which they were received.

- 9) Where an order fails validation, it shall be rejected and the reasons for such rejection given.
- 10) ATS Operators taking purchase orders from Institutional Investors shall ensure that such investors have in place financial arrangements, including bank guarantees, with a Custodian to ensure funds are available at the Clearing Bank prior to Settlement Time.
- 11) Placement of an order by an ATS Operator in the ATS shall be considered the primary mode of exposing an offer to buy or sell a security to the market

39. Matching of Orders

- 1) All orders shall be ranked in the order book by reference to first price and then time.
- 2) Priority shall be given to the highest buy orders and the lowest sell orders.
- 3) When buy or sell orders are entered at the same buy or sell price priority shall be given to the earliest buy or sell order on a first-in-first-out basis.
- 4) Where no order qualifiers are specified for equity securities, orders will be executed at the specified or better price.
- 5) Where a partial execution of an order occurs the remaining volume will be registered in the order book preserving its original time stamp.

40. Reference Price of a Security

- 1) The equity reference price for an equity security shall be the Volume Weighted Average Price (VWAP) of transactions executed during the entire trading session of trading of the specific equity security.
- 2) Where there are no trades for an equity security in the current trading session, the equity reference price for that security shall be that of the previous trading session.
- 3) The volume weighted average price for an equity security will be calculated using all transactions executed during the entire trading session for that particular security.
- 4) The VWAP shall be calculated as follows:

$$\text{VWAP} = \frac{\text{Total value traded in the session}}{\text{Total volume traded in the session}}$$

- 5) Odd lot transactions shall be counted for the purposes of computing the index, the equity reference price and the market capitalization for equity securities.

41. Bidding Advance and Dealing spreads

The bidding advance and dealing spreads shall be as follows:

Price Range (UgShs)	Tick Size(UgShs)
0 - 19.9	0.10
20 – 49.9	0.25
50 – 99.9	0.50
100 and above	1

42. Limits on bids and offers

- 1) The daily allowed price movement for any equity security in a single trading session shall be no more than 15% above or below the reference price.
- 2) Rule 42(1) above shall not be applicable with respect to an equity security where:
 - a) The Issuer announces its financial results or material information;
 - b) It is the first session for the trading of the security ex entitlement;
 - c) The security has not traded for over three calendar months;
 - d) Trading is in respect of rights;
 - e) It involves a transaction to be carried out on the AON Board;
- 3) Where rule 42(2) is applicable, no market order shall be accepted by the ATS.
- 4) Where the price movement limits have been lifted in accordance with Rule 42 (1) above, trading participants shall not abuse the limits while placing orders
- 5) The Exchange may for a period of not more than 24 hours, freeze and thereafter cancel any trade executed on the ATS and which it deems to be in abuse of this Rule any trading participant found culpable for abusing the removal of limits shall be liable to a penalty prescribed under the USE Charges , Fees and Penalty Rules.

43. Price Determination of a Newly Listed Equity Security

- (1) There shall be no price spreads for a newly listed equity security during pre-open.
- (2) The daily allowable price movement limits shall not apply on the first day of trading in a newly listed equity security.
- (3) Only limit orders with disclosed quantities shall be permitted for this security.

- (4) In the event that an opening price for a newly listed equity security is not determined during the opening auction, the security shall proceed to continuous trading and the first trade shall be the opening price.

44. Trading Status of a Security

The following status shall be indicated against individual securities in accordance with the timetable provided by the Issuer:-

- 's'** To signify that the security has been suspended from trading and no transactions shall be recorded on that particular security.
- 'cd'** To signify that the security is trading cum dividend.
- 'cb'** To signify that the security is trading cum bonus.
- 'xd'** To signify that the security is trading ex-dividend. The status shall remain until the dividend is paid.
- 'xb'** To signify that the security is trading ex-bonus. The status shall remain until the securities are issued and available for trading.
- 'cr'** To signify that the security is trading cum rights.
- 'xr'** To signify that the security is trading ex rights. The status shall remain until the right is issued and is available for trading.
- 'q'** To indicate that the auditors' opinion on the annual financial statements of the company is qualified. The annotation shall be removed once the company produces an unqualified opinion of its auditor. The Exchange shall also indicate where any other circumstances relating to an auditors' opinion exist in regard to the financial statements of the company.

45. All Or None (AON) Transactions.

- 1) An AON order shall match when the price is matched and the fixed quantity is filled in its entirety simultaneously.
- 2) AON trades shall be matched in conjunction with the Normal and Odd-Lots board during continuous trading.
- 3) AON transactions shall take place during continuous trading. AON orders shall not be accepted during the Pre-Open or when the Normal board is in the Opening Auction.

- 4) AON trades shall be posted during the continuous trading session.
- 5) AON orders shall be valid when quoted with both a price and fixed quantity as matching criteria. (As a limit order).
- 6) The AON block shall be used for the purposes of updating indices, VWAP and the closing price and shall be included in the market volume statistics.
- 7) AON orders can only be amended, suspended or deleted during continuous trading by an ATS Operator.
- 8) Except where otherwise expressly stated, all other rules governing trading on the Normal Board shall apply to AON trades

PART IV -FIXED INCOME SECURITIES TRADING

FISM BOARD AND TRADING

46.Fixed Income Securities Board

- 1) Fixed income securities shall be traded daily on the Fixed Income Securities Board in the ATS.
- 2) The minimum board lot on the Fixed Income Securities board shall be one unit.
- 3) All transactions of fixed income securities issued by the Government shall be settled on EAT T+1 (for auction bids) and on T for secondary trading.
- 4) All transactions of fixed income securities issued by a body corporate shall be settled by T+3.

47.Fixed Income Securities Trades

- 1) Only Trading Participants will be allowed to trade in corporate bonds.
- 2) Only Trading Participants who are designated as Government Securities Dealers will be allowed to trade in Government Securities.
- 3) Fixed income securities shall be listed in a separate order book on the Fixed Income Securities Board.
- 4) Fixed income securities with periodic partial principal repayments shall be traded at the subsequent minimum nominal value following the partial principal repayments.
- 5) Where fixed income securities traded bear a floating rate of interest, the daily applicable reference interest rate shall be displayed on the fixed income securities board at the start of the trading session.
- 6) All fixed income securities shall be traded cum coupon up to the date fixed for the closure of books for determination of entitlements as communicated by the issuer.
- 7) A fixed income security issued by the Government shall not be traded within the last 2 working days of the principal redemption.
- 8) A fixed income security issued by a body corporate shall not be traded within the last 3 working days of the principal redemption.

48.Trading Hours

- 1) Trading of listed fixed income securities shall be conducted from Monday to Friday continuously in daily trading sessions commencing at 9.00 a.m. and closing at 3.00 p.m. each day.
- 2) Rules 15(2) and (3) under equities trading procedures shall apply.

49. Trading Sessions

- 1) Continuous Trading : Orders shall be entered and matched on a continuing basis during trading.
- 2) Closing Session: The trading session for fixed income securities shall close at 3:00 p.m.

50. Order Input

- 1) All orders shall be entered by ATS operators in the ATS through their trading terminals which shall then be processed by the ATS for validation, acceptance and execution.
- 2) The minimum board lot on the Fixed Income Securities board shall be one unit.
- 3) Once the order is accepted by the ATS it shall be automatically time stamped and allocated an order ID which shall be used for all future references to the order.
- 4) Orders input into the ATS shall be anonymously displayed to the market.
- 5) The order entry instructions for fixed income securities shall include:
 - a. Security code
 - b. SCD Account
 - c. An indication whether it is a buy or sell order.
 - d. Quantity/Volume.
 - e. Yield and price (clean price).
 - f. Duration of validity of instructions; and
 - g. Respective order attributes.
- 6) Following the entry of an order, the ATS shall validate the order by confirming that the seller's SCD account holds the required number of securities and that the same are available for trading.
- 7) Where an order fails validation, it shall be rejected and the reasons for such rejection given.

51. Matching of Orders

- 1) All orders shall be ranked in the order book by reference to first price and then time.
- 2) Priority shall be given to the highest buy orders and the lowest sell orders.
- 3) When buy or sell orders are entered at the same buy or sell price priority shall be given to the earliest buy or sell order on a first-in-first-out basis.
- 4) Orders for fixed income securities shall execute when the yield or clean price matches.

- 5) Where a partial execution of an order occurs the remaining volume will be registered in the order book preserving its original time stamp.
- 6) Under secondary trading for government securities matching of orders may be by joint reporting of a successful offer/ bid directly agreed between government securities dealers through the ATS by the transacting dealers.

ORDER TYPES & QUALIFIERS

- 52.** Order types and qualifiers described under Rules 25 -37 and Rule 44 shall apply to Fixed Income securities trading.

53. Reference Price of a fixed income security

The bond reference price of a fixed income security shall be the last traded clean price and for a newly listed fixed income security shall be the average price received from the primary market.

54. Sell Buy Backs

- 1) The parties to a Sell Buy Back Transaction shall negotiate and sign a Sell Buy Back Contract containing the following minimum information prior to the execution of the Sale Buy Back Transaction:
 - a. Security Name
 - b. Quantity
 - c. Price (Dirty and Clean)
 - d. Duration and validity of instructions
 - e. Second leg price (Dirty and Clean)
- 2) The parties to a Sell Buy Back Transaction shall report to the Exchange a Sell/Buy Back transaction concluded during a given trading session.

55. Cancellation or Amendment of transactions

- 1) Cancellation of transactions shall only be done in instances of fraud, system malfunction and with the approval of the Chief Executive of the Exchange.
- 2) Where an order has been partially executed, the unexecuted portion of the order may be cancelled.
- 3) ATS operators shall have access only to orders input by them in the ATS for amendment.
- 4) Orders shall only be amended in respect of price/ yield, volume attributes or duration of validity of instructions.
- 5) An amended order shall be considered to be a new order with a new time stamp.

PART V- TRADING, MARKET AND SECURITY HALTS
GENERAL PROVISIONS
(Applicable to trading in both Equities and Fixed Income segments)

56. Trading Halts

- 1) The Chief Executive may vary the duration of trading and/or suspend trading for one or more trading sessions or any part of a trading session.
- 2) A trading halt may be imposed by the Exchange for a time period during a trading session or may be extended beyond one trading session.
- 3) The Exchange shall inform the Trading Participants of trading halts via the announcement system of the ATS and shall notify the Authority in the event of a trading halt.

57. Market Halts

- 1) A market halt can occur during a trading session in the following circumstances:
 - a. Due to a technical failure of the ATS
 - b. When the All Share Index decreases by more than 5% at the opening session compared to its closing value or during the continuous session compared to its opening value. The halt will not be for more than 15 minutes.
 - c. Where in the opinion of the Chief Executive circumstances exist or are about to occur that could result in other than the transparent, fair and orderly trading of the listed securities.
 - d. The Exchange shall make a public announcement of a market halt that extends beyond one trading session and notification shall be given to the Authority.

58. Security Halts

- 1) The Exchange may temporarily halt trading in one or more securities in the following circumstances:
 - a. Upon the request of the Authority;
 - b. Prior to obtaining a clarification from the concerned Issuer on a report regarding the Issuer which has been brought to the attention of the Exchange.
 - c. When there are unusual market movements in price/volume of a security.
 - d. Where trading in a security is being or could be undertaken by persons possessing unpublished price sensitive information that relates to that security
 - e. Where in the opinion of the Chief Executive circumstances exist or are about to occur that could result in other than the transparent, fair and orderly trading of the specific securities.

- 2) Trading Participants shall be prohibited from effecting transactions in the security/securities for which a halt of trading has been announced.
- 3) Where the Exchange has reasonable grounds to suspect collusion or market manipulation, the Exchange may delete the orders in the order book at the time of halt.
- 4) Where the orders are not deleted by the Exchange, Trading Participants may withdraw their own orders during the period of halt. No other changes to the order book shall be permitted during the halt.
- 5) The Exchange may upon the request of a Trading Participant, delete all the outstanding orders in the order book of the security/securities on which there has been a halt.
- 6) The Exchange shall immediately inform the Issuer of any halt in the trading of its securities other than for the purposes of making an announcement and in any event no later than 30 minutes after such halt is imposed.
- 7) Trading in the security/securities will resume as soon as the clarification from the Exchange or the issuer is disseminated to the market.
- 8) When the halt is lifted, trading in the security/ securities will resume as per the current market status.

59. Cancellation and Amendment of transactions

- 1) Orders displayed in the order book can be amended prior to execution.
- 2) The order shall only be amended in respect of price, volume and time attributes.
- 3) Core attributes such as client ID, security ID and order type (buy/sell) cannot be amended.
- 4) Where there is a price change or change in volume, the amended order shall be considered to be a new order with a new time stamp.
- 5) Executed trades can be amended or cancelled based on mutual agreement between the trading participants involved in the trade and with the prior approval of the Exchange.
- 6) The cancellation/amendment will be effected on the market day on which the trade took place.
- 7) A trade cannot be cancelled or amended if the buyer involved in the trade has subsequently sold the securities purchased earlier during the same trading session

- 8) Following agreement between the trading participants involved in the trade, a written request for trade cancellation/amendment shall be forwarded to the Exchange by both parties involved in the trade.
- 9) Upon receipt and if deemed fit, the Exchange will approve the trade cancellation/amendment and make the necessary adjustment to the trade. The trading participants involved in the trade and the market will be informed of the trade cancellation/amendment.
- 10) A trade cancellation/amendment shall be initiated by the selling trading participant involved in the trade.
- 11) In case of a trade amendment only the volume of the trade is amended and can only be decreased.

60. Exclusion of liability

1. When acting in good faith and without negligence, the Exchange shall not be liable to any person for:
2. Any loss of opportunity, profit, goodwill, interest or use of money or securities;
3. Any other special, indirect or consequential loss, damage, expense, liability or claim; which is suffered resulting from the failure of the ATS Service.
4. Where the Exchange or a Trading Participant is unable to operate the ATS Service due to a market halt, security halt or system failure, or due to an Act of God or force majeure or any act outside the control of the Exchange, the Exchange shall not be liable to pay any compensation or indemnity to any person who incurs a loss as a result of a delay in effecting any transaction.

61. Dispute Resolution

- 1) The Trading Manager shall be responsible for interpreting the Trading Rules and settling all disputes on the Trading Floor.
- 2) Any person aggrieved by any decision of the Trading Manager may appeal to the Chief Executive. If the aggrieved party is not satisfied with the decision of the Chief Executive they may appeal to the Authority.

62. Official Price List and Other Market Information

- 1) The ATS shall maintain an order book for each security listed on the Exchange, divided into bids and offers and all information relating to executed trades shall be electronically communicated to the Trading Participants' representatives in a report known as a trading summary report.
- 2) The Exchange's Official Price List, Market Report and all reports generated by the ATS are the sole property of the Exchange. The copyrights of the Exchange therein are reserved. No person may make a commercial use of the proprietary information of the Exchange in any form or manner whatsoever, unless prior written consent has been given by the Exchange and on such terms and conditions for such use as the Exchange at its absolute discretion shall impose.
- 3) All copyright subsisting in the Exchange's Share Index, and all other indices that the Exchange may from time to time create and their constituent lists vests in the Exchange.
- 4) Transmission of live feeds of market data and information generated through the ATS shall be the sole property of the Exchange and redistribution of such live feeds is not permitted without the express prior written consent of the Exchange.
- 5) The Exchange shall publish information on the prices, the traded volumes and the index.
- 6) The Exchange shall determine the particulars to be published for all listed securities, and the form in which and the precise time within which the information is to be provided, as well as the means by which it is to be made available, having regard to the nature, size and needs of the market concerned and of the investors operating on that market.

63. Actions by the Exchange

- 1) Where a Trading Participant fails to settle their account in accordance with these Rules, the Exchange will invoke the procedures under these Rules and the Guarantee Fund Procedures of 2020 and shall impose penalties for failed settlement in accordance with the said procedures and the USE Fees, Charges and Penalties Rules 2020.
- 2) The Chief Executive shall have the power to take such action as may be required in order to maintain a transparent, fair and orderly market.

64. Announcements by Issuers during Trading sessions

- 1) Where an issuer releases an announcement in respect of material information as prescribed under the USE Listing Rules 2021, the Exchange shall send the information or announcement as the case may be, to Trading Participants through the ATS.
- 2) If an announcement is received by the Exchange from an issuer of a listed equity security during a Trading Session, the Exchange may impose a Security Halt on the relevant equity security for the rest of the Trading Session. Following a Security Halt all pending orders on that equity security shall be deleted.
- 3) The Security Halt shall be lifted during the next Trading Session and the daily allowable price movement limits shall not apply to that equity security for the entire Trading Session.

65. Repeal of the USE Equity Trading Rules 2015 and USE Fixed Income Trading Rules 2016

- 1) The USE Equity Trading Rules of 2015 and the USE Fixed Income Trading Rules of 2016 are as at the effective date of these Rules hereby repealed without prejudice to any action(s) taken, obligation acquired or liability incurred thereunder by the Exchange, any Trading Participant, any Listed entity or any person.
- 2) **Effective Date:** These Rules shall be deemed to have come into force effective 1st April 2021.

UGANDA SECURITIES EXCHANGE
Insider Trading Rules 2008

**UGANDA SECURITIES EXCHANGE LIMITED
INSIDER TRADING RULES 2008**

ARRANGEMENT OF RULES

Rule

1. Purpose.
2. Definition of an Insider.
3. Definition of price sensitive Information.
4. Insider dealing.
5. Closed Periods.
6. Notification requirements.
7. Penalties.

UGANDA SECURITIES EXCHANGE LIMITED

INSIDER TRADING RULES 2008

1. Purpose of the Rules

The secondary market in transferable securities plays an important role in the financing of economic agents. For the market to be able to play its role effectively, every measure should be taken to ensure that the market operates smoothly, the market should be seen to operate fairly and on the basis of equal information. The purpose of these rules is therefore to:

- a) Boost investor confidence by creating conditions that ensure that fairness and equality of access to information exists in the market. The factors on which such confidence depends include the assurance afforded to investors that they are placed on an equal footing.
- b) Reassure investors that they will be protected against the improper use of insider information. By benefiting certain investors as compared with others, insider dealing is likely to undermine the confidence and may therefore prejudice the smooth operation of the market.
- c) To promote market efficiency, fairness and orderliness by ensuring that market participants privy to price sensitive information do not make use of it to the detriment of other investors before it is published.

2. Definition of an Insider

An insider is a person who:

- a) is a Board member, member of senior management, an employee in the finance department or any senior manager who by virtue of their duties would likely gain access to unpublished price sensitive information. A senior manager is an employee who is part of the top management of the organization.
- b) has access to unpublished price sensitive information by virtue of their employment office or profession; or
- c) is an immediate family member of the persons mentioned in (a) and (b) above. For the avoidance of doubt "immediate family member" shall be construed to mean spouse and child.

- d) has access to unpublished price sensitive information from any of the persons mentioned in (a) or (b) above;
- e) all corporations, partnerships, trusts or other entities owned or controlled by any of the above persons.

3. Definition of price sensitive information

Information is deemed to be price sensitive if there is a reasonable likelihood that it would be considered important to an investor in making a decision regarding the purchase or sale of securities. Price sensitive information is deemed to be non-public when it is not available to the general public. While it is not possible to define all categories of material information, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information include:

- i. Financial results
- ii. Projections of future earnings or losses of an exceptional nature
- iii. News of a pending or proposed merger
- iv. Acquisitions/ divestitures
- v. Impending bankruptcy or financial liquidity problems
- vi. New equity or debt offerings
- vii. Significant litigation exposure due to actual or threatened litigation
- viii. Major changes in directors and senior management.
- ix. Rights issues
- x. Corporate actions that are likely to affect investment decisions.

4. The following tantamount to insider dealing:

- 1) Any person dealing in price affected securities as a result of non-public information that has come into his /her possession
- 2) Encouraging another person to deal in securities that are (whether or not that other person knows) price affected securities in relation to the non-public information;
- 3) The person dealing relies on a professional intermediary or is himself acting as a professional intermediary with regard to utilization of non-public information.
- 4) Any person disclosing information otherwise than in the proper performance of the functions of his/her employment, office or profession to another person.

5. Closed periods

- 1) An insider shall not trade in securities during the closed periods which shall be periods 8 weeks to the publication of financial information. However, the prohibition on purchases, sales, pledges and gifts of listed securities during closed periods does not apply to:
 - a. Purchases made under an employee stock purchase plan operated by the company; provided however that the securities so acquired may not be sold during a closed period;
 - b. Exercises of stock options or the surrender of shares to the company in payment of the exercise price or in satisfaction of any tax withholding obligations, in each case in a manner permitted by the applicable stock option; provided that the securities so acquired may not be sold (either outright or in connection with a “cashless” exercise transaction through a broker) during a closed period.

6 Notification requirements

- 1) No person covered by these insider trading provisions may purchase, sell or otherwise acquire or dispose of securities of the company, other than in an exempt transaction(as defined below), unless he or she notifies the Chief Executive Officer of their organisation, or in the case of the Chief Executive Officer, the Chairperson, prior to such transaction. For purposes of these rules, an “exempt transaction” shall mean:
 - a. An acquisition of shares of a company common stock pursuant to an employee stock purchase plan.
 - b. An acquisition of company securities pursuant to a stock split, stock dividend or pro rata distribution to company shareholders
 - c. An acquisition pursuant to a dividend or interest reinvestment plan.
 - d. An acquisition or disposition of company securities pursuant to the order of a court of competent jurisdiction.
- 2) Each person covered by this rule shall also inform the Chief Executive Officer of the Exchange, following the purchase, sale or other acquisition or disposition of securities of the company, other than an exempt transaction, as soon as possible following the transaction, but in any event within one business day after the transaction. This notification which shall be in writing shall describe;
 - a. The type of transaction that occurred (an open market purchase, a privately negotiated sale, an option exercise, etc);
 - b. The date of the transaction;

- c. The number of shares covered by the transaction, the purchase or sale price (if applicable);
 - d. Whether the transaction was effected by the Director, employee or officer or by a relative or affiliated entity.
- 3) For purposes of these rules, a purchase, sale or other acquisition or disposition shall be deemed to occur at the time the person becomes irrevocably committed to it; in the case of an open market purchase or sale, this occurs when the trade is executed (not when it settles).

7. PENALTIES

- 1) On suspicion of any contravention of these rules by an insider the Exchange shall carry out its investigations and depending on the outcome:
- a) Stop any trade by an insider if settlement of the trade has not yet been effected. Settlement refers to the end of the three day cycle when payment for the trade is made.
 - b) Where the person involved is an employee or representative of the Exchange, the Exchange shall commence relevant disciplinary proceedings against such person;
 - c) Freeze the securities that are the subject of investigation;
- 2) Any person involved in the insider trade shall pay a penalty that shall be commensurate to the amount of money that he/she has made as a result of the insider trading
- 3) Send a detailed written report of the case to the Capital Markets Authority.

UGANDA SECURITIES EXCHANGE
Fees, Charges and Penalties
Rules 2021

**THE UGANDA SECURITIES EXCHANGE LIMITED
FEES, CHARGES AND PENALTIES RULES 2021**

ARRANGEMENT OF RULES

Rule

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PART I – APPLICATION AND DEFINITIONS

1. Application

- 1) This document forms part of the Rules of the Uganda Securities Exchange.
- 2) These Rules shall apply to all Trading Participants, Agents of the Securities Central Depository and Listed entities.
- 3) These Rules shall repeal and replace any of the provisions of the Securities Exchange Rules currently in force relating to any fees, charges or penalties.

2. Interpretation

- 1) The terms, words and phrases defined in, and the provisions of the Capital Markets Authority Act, Cap 84, (including the rules and regulations made under it), and in the Memorandum and Articles of Association of Uganda Securities Exchange Limited apply to these Rules.
- 2) Unless inconsistent with the context, the singular includes the plural.
- 3) Headings are purely for reference purposes and shall not be taken into account in the interpretation of the Rules.

3. Definitions

In these Rules, unless the context otherwise requires-

"Authority"	means the Capital Markets Authority established under Cap. 84 Laws of Uganda;
"Act"	Refers to the Capital Markets Authority Act Cap. 84, Laws of Uganda as amended;
"Additional listing"	Means a listing resulting from a rights issue, a capitalization issue or a script (bonus) issue;
"Board"	Means the Board of the Uganda Securities Exchange
"Compensation Fund"	Means the compensation fund established under the Capital Markets Authority Act Cap. 84, Laws of Uganda;
"Cross listing"	The listing of securities on the USE which are already listed on another Securities Exchange
"Currency point"	Is equivalent to Uganda shillings twenty thousand

East African Community”	Any States that have joined or have been affiliated to the East African Community (EAC);
“Listed entity”	Also referred to as “listed company” shall mean a company whose securities have been admitted to the Official list of the USE;
“Securities Exchange”	Means the Uganda Securities Exchange (USE)
“SCD”	Means the Securities Central Depository
“Trading Participant”	means a person licensed by the Authority to carry on the business of buying, selling, dealing, trading of securities as a broker/dealer and is admitted by the Exchange as a the Exchange as Trading Participant under the USE Trading Participant Rules 2021 Rules (interchangeably referred to as a Broker/dealer in these Rules)

PART II – FEES AND CHARGES RELATING TO TRADING PARTICIPANTS

4. Trading Participant fees

The following fees shall apply with respect to the following instances relating to a trading participant of the Securities Exchange.

	Instance	Fee payable
1.	Application to be a trading participant of the Exchange	200 currency points
2.	Trading Participant entrance Fees to the Securities Exchange (Market Access Fees)	5,000 currency points
3.	Annual Trading Participant Fees	125 currency points

5. Cash Guarantee

Trading Participants of the Exchange shall be required to furnish a cash guarantee amounting to 5,000 currency points for purposes of assuring their settlement obligations.

6. Payment of Trading Participant fees

- 1) All Trading Participant fees, with the exception of the trading participant application fee and entrance fee, shall be payable in advance not later than the 10th day of January of each calendar year.
- 2) The trading participant application fee must accompany an application to be admitted as a trading participant of the Exchange and shall not be refundable in the event of an unsuccessful application.
- 3) Following admission as a trading participant, a trading participant will be required to pay an entrance fee as prescribed by the Exchange

PART III – PENALTIES RELATING TO TRADING PARTICIPANTS

7. Penalties for Trading Participants

- 1) Trading Participants of the Exchange shall be liable to pay the following penalties in the following instances:

	Instance	Penalty Payable
1.	Late payment of the annual fees or charges above including but not limited to annual trading participant fee	50 currency points

8. Payment of penalties

All penalties relating to trading participants shall be payable immediately upon receipt of a demand note and shall unless otherwise expressly stated under the USE Trading Participant Rules 2021 accrue a daily fine of 20 currency points on each day after the due date stated in the note until payment in full.

PART IV – FEES RELATING TO LISTING

9. Listing fee for the Main Investment Market Segment (MIMS)

The following fees shall apply with respect to listing on the Main Investment Market Segment of the Securities Exchange:

	Instance	Fee/Charge Payable
1.	Application for listing	200 currency points
2.	Resubmission of application for listing	50 Currency points
3.	Initial listing	0.2% of the value of the securities to be listed subject to a minimum of 250 currency points and maximum of 50,000 currency points
4.	Additional listing	0.2% of the market capitalization of the additional securities to be listed subject to a maximum of 7,500 currency points for rights issues and 2,500 currency points for bonus issues
5.	Annual listing	0.05% of market capitalization of the issuer subject to a minimum of 1000 currency points and a maximum of 5,000 currency points. <i>* The annual listing fee will be calculated on the basis of a 12month average market capitalization</i>

10. Payment of listing fee for the Main Investment Market Segment (MIMS)

- (1) The application to list (on the MIMS) shall be accompanied by the application for listing fee.
- (2) A re-submission of the application for listing shall be accompanied by the re-submission of application for listing fee.
- (3) The initial listing fee shall be payable upon receipt of a letter of admission to the official list.
- (4) The additional listing fees above shall be payable upon an application to list additional securities.
- (5) The annual listing fees above shall be payable not later than the 10th day of January of each calendar year.

11. Listing fee for the Growth Enterprise Market Segment (GEMS)

The following fees shall apply with respect to listing on the Growth Enterprise Market Segment of the Securities Exchange:

	Instance	Fee/charge payable
1)	Application for listing	100 currency points
2)	Any re-submission of application for listing	50 currency points
3)	Initial listing	0.1% of the value of securities to be listed subject to a minimum of 200 currency points and maximum of 500 currency points
4)	Additional listing	0.1% of the market capitalisation of additional securities to be listed subject to a minimum of 50 currency points and a maximum of 500 currency points for rights issues Bonus Issues shall not be subject to additional listing fees
5)	Annual listing	0.05% of market capitalization of the issuer subject to a maximum of 1000 currency points <i>* The annual fee will be calculated on the basis of a 12 month average market capitalization</i>

12. Payment of listing fee for the Growth Enterprise Market Segment (GEMS)

- 1) The application to list (on the GEMS) shall be accompanied by the application for listing fee.
- 2) A re-submission of the application for listing shall be accompanied by the re-submission of application for listing fee.
- 3) The initial listing fee shall be payable upon receipt of a letter of admission to the official list.
- 4) The annual listing fees above shall be payable not later than the 10th day of January of each respective year.

13. Listing fee for the Fixed Income Securities Market Segment (FISMS)

The following fees shall apply with respect to listing on the Fixed Income Securities Market Segment of the Securities Exchange for fixed income securities other than Government securities:

	Instance	Fee/Charge payable
1)	Application for listing	200 currency points
2)	Any re-submission of an application for listing	50 currency points
3)	Initial listing	0.1% of the value of the securities to be listed subject to a minimum of 200 currency points
4)	Additional listing	0.1% of the market capitalization of the additional securities to be listed subject to a minimum of 50 currency points
5)	Annual listing	0.025% of market capitalization of the outstanding listed securities subject to a minimum of 150 currency points

14. Listing fee for Government Securities

The following fees shall apply with respect to listing of Government securities:

	Instance	Fee / charge payable
1)	Application for listing	200 currency points
2)	Any re-submission of application for listing	50 currency points
3)	Initial listing	0.1% of the value of the securities to be listed subject to a minimum of 250 currency points and a maximum of 750 currency points
4)	Re-opening	0.1% of the value of the Securities to be listed subject to a minimum of 750 currency points
5)	Annual listing	0.025% of market capitalization of the outstanding listed securities subject to a minimum of 250 currency points and a maximum of 1000 currency points
6)	Treasury Bill Listing Fees	<p>a. 91-day Bill 0.1 % of the value of the securities subject to a maximum of 125 currency points</p> <p>b. 182-day Bill 0.1 % of the value of the securities subject to maximum of 250 currency points</p> <p>c. 364-day Bill 0.1 % of the value of the securities subject to a maximum of 375 currency points</p>

15. Payment of listing fee for the Fixed Income Securities Market Segment (FISMS)

- 1) The application to list (on the FISM) shall be accompanied by the application for listing fee.
- 2) A re-submission of the application for listing shall be accompanied by the re-submission of application for listing fee.

- 3) The initial listing fee shall be payable upon receipt of a letter of admission to the official list.
- 4) The additional listing fees above shall be payable upon an application to list additional securities.
- 5) The annual listing fees above shall be payable not later than the 10th day of January of each respective year.

16. Listing fees and charges for cross listings from within the East African Community

The following fees shall apply with respect to cross listings from within the East African Community.

	Instance	Fees payable
1)	Application for listing	200 currency points
2)	Any re-submission of application for listing	50 currency points
3)	Initial listing in the case where the cross listing is not accompanied by a local float of securities for the Ugandan market	0.1% of the market capitalization of the applicant
4)	Initial listing in the case where the cross listing is accompanied by a local float of securities for the Ugandan market valued at not less than US\$ 5 million in market Capitalization	0.025% of the market capitalization of the local float
5)	Initial listing in the case where the cross listing is accompanied by a local float of securities for the Ugandan	0.05% of the market capitalization of the local float

17. Listing fees and charges for cross listings from outside the East African region

The following fees shall apply with respect to cross listings from outside the East African Community:

	Instance	Fees Payable
1)	Application for listing	1,000 currency points
2)	Any re-submission of application for listing	500 currency points
3)	Initial listing in the case where Cross listing is not accompanied by a local float of securities for the Ugandan market	0.1% of the market capitalization of the applicant subject to a minimum of 5,000 currency points.
4)	Initial listing in the case where the cross listing is accompanied by a local float of securities for the Ugandan market valued at not less than US\$ 25 million in market capitalization	0.05% of the market capitalization of the local float of the applicants subject to minimum of 10,000 currency points
5)	Annual Listing in the case where the cross listing is not accompanied by a local float of securities for the Ugandan market	0.025% of the market capitalization of the issuer subject to a minimum of 1,000 currency points
6)	Annual listing in the case where the cross listing is accompanied by a local float of securities for the Ugandan market valued at not less than US\$ 25 million in market capitalization	0.00625 of the market capitalization of the local float subject to a minimum of 5,000 currency points
7)	Additional listing fees	0.2% of the market capitalization of the additional securities to be listed subject to a minimum of 2000 currency points

18. Payment of fees for cross listings

- 1) The application to cross list on the Securities Exchange shall be accompanied by the application for listing fee.
- 2) A re-submission of the application for cross listing shall be accompanied by the re-submission of application for listing fee.
- 3) The initial and additional cross listing fees above shall be payable upon receipt of a letter of admission to the official list.
- 4) The annual listing fees for cross listed entities as designated above shall be payable not later than the 10th day of January of each respective year.

19. Fees related to Listing by Introduction

- 1) An application fee to list by introduction shall be 250 currency points.
- 2) Initial Listing fees shall be 0.2% of the value of securities to be listed subject to a minimum of 200 currency points and a maximum of 12,500 currency points.

PART V – PENALITES RELATING TO LISTING

20. Penalties for listed companies

Companies listed on the Securities Exchange shall be liable to pay the following penalties in the following instances:

	Instance	Penalty payable
1)	Upon late payment of listing fees	500 currency points
2)	Upon late submission of audited annual accounts	500 currency points
3)	Upon late submission of interim (semi-annual) accounts	500 currency points
4)	Upon late notification of events	250 currency points

21. Payment of penalties

All penalties relating to listing shall be payable immediately upon receipt of a demand note and shall accrue a daily fine of 20 currency points on each day after the due date stated in the note until payment in full.

22. Special provision relating to the listed entities

Listed entities shall be liable to action under any other relevant Rules of the Securities Exchange after 5 days of default in addition to the penalties in Rule 20 above.

PART VI – CHARGES RELATING TO DE-LISTING

- 23.** The following fees shall apply to Issuers who wish to de-list from the Exchange (voluntary delisting)
- (1) Delisting from the Main Investment Market Segment (MIMS)- 0.1% of the value of securities to be delisted subject to a maximum of 15,000 currency points
 - (2) Delisting from the Growth Enterprise Market Segment (GEMS) -0.05% of the value of securities to be delisted subject to a maximum of 2,500 currency points

PART VII -CHARGES RELATING TO TRADING

24. Charges relating to equity trades

The following commissions shall be charged by the following parties in relation to equity trades:

	Party	Commission Payable
1)	Broker	1.7% of the value of the trade
2)	USE	0.14% of the value of the trade
3)	CMA	0.14% of the value of the trade
4)	Compensation Fund	0.02% of the value of the trade
5)	SCD	0.1% of the value of the trade
	Total (Maximum)	2.1%

25. Charges relating to corporate bonds trades and other fixed income securities

The following commissions shall be charged by the following parties in relation to fixed income securities trades:

	Party	Commission Payable
1)	Broker	0.031825% of the value of the trade
2)	USE	0.015675% of the value of the trade
3)	CMA	Nil
4)	Compensation Fund	0.00125% of the value of the trade
5)	SCD	0.00125% of the value of the trade
	Total (Maximum)	0.05%

26. Private Transfer Fees

A nominal fee of 25% of the normal commission shall be payable by the transferee to the trading participant subject to a minimum of 0.15 currency points of which 15% shall be paid to the Exchange.

PART VIII – FEES RELATING TO THE SECURITIES CENTRAL DEPOSITORY (SCD)

27. SCD fees

The following fees shall apply to the following parties with respect to SCD operations:

	Instance	Fee payable
1)	Appointment of SCD Agent in the case where the applicant is a trading participant of the Securities Exchange	50 currency points
2)	Appointment of SCD Agent in the case where the applicant is not a trading participant of the Securities Exchange	250 currency points
3)	SCD Annual Subscription	125 currency points
4)	Statements issued on the request of an account holder	Nil
5)	Withdrawal of securities	0.75 currency points (per certificate)
6)	Upon recording, releasing or foreclosing of pledges	2 Currency points per pledge
7)	Prompt Trades	0.5 currency points per trade
8)	IPO subscription Processing fee (charged to investors)	0.25 currency points per subscription application

28. SCD penalties

The following parties shall suffer the following penalties with respect to SCD operations:

	Instance	Penalty payable
1)	Broker failure to allocate trades on T+3	0.14% of the value of the trade on the day after the due date and 50 currency points on each day of default until allocation
2)	Settling participant's failure to avail adequate funds for settlement on its settlement account by 4:00 p.m. EAT on T+2	200 currency points on the day after the due date and suspension from trading until rectification of the situation

PARTIX– GENERAL AND MISCELLANEOUS PROVISIONS

29. General penalties relating to trading participants

The trading participants of the Securities Exchange shall be liable to pay the following general penalties with respect to the following instances:

	Instance	Penalty payable
1)	Failure to make full payments of monies due to clients in a timely manner	100 currency points
2)	Breaching of any provisions of the Rules or Codes of the Securities Exchange where no specific penalty has been prescribed.	500 currency points

30. Payment of penalties

All penalties in the Rule above shall be payable immediately upon receipt of a demand note and shall accrue a daily fine of 20 currency points on each day after the due date stated in the note until payment in full.

31. Amendment of these Rules

- 1) These Rules may be amended from time to time as may be agreed by the Board.
- 2) No amendment to these Rules shall come into force unless and until it has been approved by the Authority.

32. Repeal of the USE Fees Charges and Penalties Rules 2012

- (3) The USE Fees Charges and penalties Rules of 2012 are as at the *effective date* of these Rules hereby repealed without prejudice to any action(s) taken, obligation acquired or liability incurred thereunder by the Exchange, any Trading Participant, any Listed entity or any person.
- (4) **Effective Date:** These Rules shall be deemed to have come into force effective 1st April 2021.