## USE RULES GOVERNING THE LISTING OF SUKUK

### 1.0 Introduction

1.1 This Chapter sets out the requirements that must be complied with by an Issuer seeking a listing of its sukuk on the Official List of The Uganda Securities Exchange (The Exchange).

1.2 In addition to these rules, an Issuer shall comply with the Guidelines and regulations of the Authority and any other regulatory requirement as provided by the Authority and The Exchange from time to time.

1.3 In addition to these rules, the Issuers shall be guided and comply with AAOIFI standard No. 17 as the international standard that shall form part of these rules. AOIFI Standard No. 17 is one of the most critical and widely referenced standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). It specifically governs the issuance, trading, and management of Sukuk.

1.4 The primary objective is to ensure that Sukuk structures are genuinely asset-backed and operate in full compliance with Shariah principles. A sharia Compliance Certificate issued by a competent person or entity recognized or approved by the Authority or International standard shall be required to list on the Exchange.

### 2.0 Definitions

For the interpretation of these Rules, the following words shall have the correspondent meaning as follows:
unless the context otherwise requires -

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| "**Guarantor**" | means a person or entity who guarantees to be responsible or gives security for the Issuer's performance in respect to the terms of the sukuk. |
| "**Authority**" | Capital Markets Authority |

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| “**Issuer**” | means an Issuer, listed or otherwise, whose sukuk are listed or proposed to be listed on the Exchange as / Exchange Traded Instruments; |
| “**Foreign Issuer**” | means government, national or corporate entity incorporated outside Uganda, listed or otherwise on any other exchange other than The Exchange, whose sukuk are also listed or proposed to be listed on The Exchange; |
| “**Material Information**” | means information that is not generally available to the market; and if it were generally available to the market, it would have a material effect on the market price or value of the Issuer’s listed securities. Material information consists of both material facts and material changes relating to the business and affairs of an Issuer. |
| “**Obligor**” | means a person or entity who owes an obligation or a certain debt or duty to another. |
| “**Shari’ah Adviser”** | means Shari’ah adviser, recognized or registered by the Authority, who reviews and gives rulings on Shari’ah applicability of the sukuk transactions or an Islamic development bank recognized to perform such function. |
| “**Sukuk**” | Sukuk are certificates of equal value that represent an undivided beneficial ownership interest in an underlying asset, project, business, or investment activity. Holders are entitled to a share of the profits generated by the asset and bear the risk associated with it, in compliance with Shariah principles |
| “**Trust Deed**” | means the agreement entered into between the Issuer and the Trustees governing an issue of sukuk in accordance with the Authority’s Rules. |
| “**Trustee**” | means the trustee appointed pursuant to the terms of the Trust Deed. |



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## 3.0 Approval for admission

3.1 An Issuer of the sukuk must appoint a Shari’ah advisory Board composed of independent and competent shariah Advisers who will carry out primary responsibilities that include:

(a) advising on all aspects of the sukuk including documentation and structuring;

(b) issuing a Shari’ah certification which outlines the basis and rationale of the structure and mechanism of the sukuk issue, the applicable Shari’ah principles used for the sukuk issue and relevant Shari’ah matters relating to the documentation of the sukuk issue;

(c) ensuring that the applicable Shari’ah principles and any relevant resolutions and rulings endorsed are complied with;

(d) applying ijtihad (reasoning) to ensure all aspects relating to sukuk issuance are in compliance with Shari’ah principles;

(e) carrying out other functions stipulated by the Securities and Exchange Authority’s rules and regulations.

3.2 An Issuer shall submit its listing application through a Stockbroker.

3.3 Sukuk submitted for listing on the Exchange shall be issued through a Special Purpose Vehicle (SPV) approved by the Authority

3.4. The Exchange shall exercise discretion over the admission and continued listing and quotation of sukuk on its Official List and may approve or reject the applications for listing, as it deems fit.

3.5 The Exchange may approve applications for listing and quotation of sukuk unconditionally or subject to such conditions, as it deems fit.

3.6 Where sukuk are issued under a programme, an Issuer may list on The Exchange either all or a certain class or tranche of the sukuk issued under the programme.

3.7 All Issuers shall comply with the relevant admission procedures and requirements as may be prescribed by the Exchange.

3.8 No short-term sukuk with original maturity date of less than 1 year shall be listed.

3.9 Any issue, offer or invitation of sukuk by a public company intended to be listed on The Exchange shall be subject to the listings requirements of The Exchange.

## 4.0 Foreign Issuer

4.1 Any Issuer that is a foreign government, a national of any foreign country, or a company or other organization incorporated under the laws of any foreign country shall appoint an agent or representative in Uganda to be responsible for communication with The Exchange, on behalf of the Issuer.

4.2 A foreign Issuer shall maintain a paying agent who is registered with the Authority as a Registrar, and who shall be responsible for accepting payments from the issuer of a security and distributing the payments to the holders of the security in Uganda when required.

4.3 All information or documents including financial statements presented, submitted, disclosed or announced by a foreign Issuer shall be in English.

4.4 A foreign Issuer shall prepare its financial statements in accordance with the International Financial Reporting Standards (IFRS) but shall also provide certified English translations of such financial statements for holders of its securities that are listed on The Exchange.

## 5.0 Obligor

5.1 Where the Issuer is a special purpose vehicle, the obligor shall comply with the requirements imposed on the Issuer under the Rules of the Authority and of The Exchange as if it were the Issuer**.**

5.2 If the Issuer is a special purpose vehicle, the obligor shall comply with:
- (a) the continuing listing obligations imposed on the Issuer under the Rules of The Exchange as if it were the Issuer, or
- (b) such directives as may be issued by The Exchange from time to time.

## 6.0 Continuing listing obligations

All Issuers shall comply with these Rules and any applicable Rules of the Authority as continuing listing obligations.

## 7.0 Disclosure of information

7.1 An Issuer shall immediately announce to The Exchange any material information.

7.2 Without limiting the generality of subparagraph 8.1 above, an Issuer shall immediately announce to The Exchange the following:
- (a) any issuance of a new tranche of securities or programme by the Issuer;
- (b) any change in the terms of issue of the sukuk;
- (c) any redemption or cancellation of the sukuk;

(d) any amendment to the Trust Deed, if applicable;
(e) any appointment or replacement of Trustee or paying agent, if applicable;
(f) any change of the Shari'ah Adviser appointed by the Issuer as required under the
Authority's Rules;
(g) any occurrence of an event of default under the Trust Deed;
(h) any credit rating of its sukuk, including a summary of the rating report relevant to the sukuk published by a credit rating agency, if available;
(i) any intention to fix a books' closing date and its reason, stating the books' closing date, which shall be at least 10 business days after the date of announcement of the books' closing date to The Exchange;
(j) any event which requires an immediate notification to its trustee pursuant to the Trust Deed; and
(k) any meeting of sukuk holders (other than a meeting convened to pass a special resolution), at least fourteen (14) days before such meeting is held, and in the case of a meeting convened to pass a special resolution, at least twenty-one (21) days before such meeting is held. The announcement shall include the date of the Record of Depositors which determines whether a depositor shall be regarded as a sukuk holder who is entitled to attend, speak and vote at the meeting of the sukuk holders.

7.3 An Issuer shall, at least 1 (one) month before the maturity date, announce the maturity date of each issuance of sukuk.

7.4 An Issuer which is a foreign corporation shall announce to the Exchange concurrently all information required to be publicly disclosed to its domestic regulatory authorities and other stock exchanges, if applicable.

## 8.0 Submission of Financial Statements

8.1 An Issuer shall announce its half year unaudited or audited financial statements on a consolidated basis within thirty (30) days of the quarter or half year of the Issuer's financial year, and the statements shall state whether there is any abnormal circumstance that has affected or will affect the business and financial position of the Issuer.

8.2 An issuer and its guarantor shall announce to The Exchange their respective annual audited financial statements, together with the auditors' and directors' reports within 3 (three) months of their respective financial years.

8.3 Sub-paragraph 9.2 above shall not apply to the following persons or entities where they are guarantors:
(a) the Government of Uganda;
(b) a supranational organisation;
(c) such other persons as may be approved by The Exchange from time to time.

## 9.0 De-listing by the Exchange

In addition to the circumstances set out in the Listings Rules of The Exchange, The Exchange may at any time de-list an Issuer from the Official List in any of the following circumstances:

(a) upon the occurrence of any of the events which the Trustee has declared would render the sukuk to be immediately due and repayable pursuant to the Trust Deed;
(b) upon the maturity or expiration of the sukuk or similar securities;
(c) upon full redemption of the sukuk or
(d) any other circumstances which in the opinion of The Exchange, do not warrant the continued listing of the sukuk.

## APPENDIX

### Contents of a Trust Deed Governing the Rights of Certificate holders forSukuk

In addition to the information required to be provided in a Trust Deed as set out in the guidelines or regulations of the Authority, every Trust Deed or other document governing the rights of certificate holders shall provide for the following:

(1) Where a meeting of sukuk holders is held, an Issuer shall ensure that:

   (a) at least fourteen (14) days' notice in writing of any meeting (other than a meeting convened to pass a special resolution) of sukuk holders shall be given by the trustee. In the case of a meeting convened to pass a special resolution, at least twenty one (21) days' notice shall be given. Such notice shall specify the general nature of the business to be transacted.

   (b) the trustee shall cause at least fourteen (14) days' notice (twenty one (21) days' in the case of special resolution to be passed) to be given of any meeting by advertisement in at least two (2) National Daily Newspapers in Uganda and in writing to The Exchange.

   (c) the notices convening a meeting of sukuk holders shall contain sufficient information to enable a sukuk holder to make informed decisions.

(2) A sukuk holder shall be entitled to attend and vote at any meeting of sukuk or holders, and shall be entitled to appoint another person (whether a sukuk or not) as his proxy to attend and vote on the securities holder's behalf. Such proxy shall have the same rights as the sukuk holder to vote whether on a poll or a show of hands, to speak and to be reckoned in determining a quorum.

(3) In the case of an equality of votes the chairman of a meeting of sukuk holders shall have a casting vote in addition to his vote (if any) as a sukuk holder both on a show of hands and on a poll.

## ANNEXURE I

**Fee Structure for Uganda Securities Exchange (USE) Sukuk**

**1. The following fees shall apply**

**A. Listing Fees (One-Time, Payable upon Application)**

| Tier (Issue Size in UGX) | Initial Listing Fee (% of Nominal Value) | Minimum Fee | Maximum Fee Cap |
|---|---|---|---|
| First 50 billion | 0.050% | UGX 5,000,000 | UGX 25,000,000 |
| Next 100 billion (50B - 150B) | 0.030% | UGX 8,000,000 | UGX 45,000,000 |
| Next 150 billion (150B - 300B) | 0.020% | UGX 11,000,00 | UGX 85,000,000 |
| Amount above 300 billion | 0.010% | UGX 14,000,000 | UGX 200,000,000 |

**B. SCD IPO Processing Fees (Sukuk Issuance)**

| Service | Fee Basis | Rate | Minimum (UGX) | Maximum (UGX) |
|---|---|---|---|---|
| Verification & Upload of Holder Register | Issue Size | 0.15% of issue size | 3,000,000 | 25,000,000 |
| Issuance of Depository Receipts | Per receipt | 2,000 per receipt | | |

Example: A UGX 400 billion Sukuk would pay: (50B X 0.05%) = 25M + (100B X 0.03%) = 30M + (150B X 0.02%) = 30M + (100B X 0.01%) = 10M
Total = UGX 95 million (well below the 200M cap).
All Fees are in Uganda Shillings (UGX)

**C. Annual Listing / Sustenance Fees**

Fee: 0.0015% per annum of the outstanding listed nominal value.
Minimum Annual Fee: UGX 700,000
Maximum Annual Fee Cap: UGX 7,000,000
Billing: Invoiced quarterly in arrears.

**D. Trading Fees (Secondary Market)**

| Fee Type | Recommended Rate | Responsible Party |
|---|---|---|
| Exchange Trading Fee | 0.010% (1 basis point) per side | Broker |
| Clearing & Settlement Fee | 0.005% per side | Broker/Custodian |
| Investor Protection Levy | 0.00125% | Broker |
| Brokerage Commission | Fully Negotiable, but suggested market norm: see table C1 below | Investor |
| Regulator Levy | 0.005% | |

**D1: Brokerage Commission - Tiered Structure with Specific UGX Figures**

| Trade Value (UGX) | Suggested Rate | UGX Fee on Mid-Point Trade | Target Investor |
|---|---|---|---|
| Up to 10 million | 1.5% | 150,000 (on 10M trade) | Retail |
| 10 million - 50 million | 1.2% | 600,000 (on 50M trade) | Retail / HNW |
| 50 million - 200 million | 0.8% | 1,600,000 (on 200M trade) | HNW / Small Institutional |
| 200 million - 1 billion | 0.5% | 5,000,000 (on 1B trade | Institutional |
| Above 1 billion | 0.2% | 20,000,000 (on 10B trade | Large Institutional / Sovereign |

**E. Sukuk-Specific CSD Services (CRITICAL for Islamic Finance)**

| Service | Fee (UGX) | |
|---|---|---|
| Pledge (Rahn) Registration | 40,000 as per our main fees schedule | Essential for Shari'ah-compliant collateral |
| Pledge Release | 40000 as per our main fees schedule | Completes the collateral cycle |
| Pledge Amendment | 10,000 | Modifying pledge terms |
| Profit/Rental Distribution Processing | 500 per holder per payment, Maximum UGX 5,000,000 per distribution event | Per payment processing fee, |
| Redemption Processing | 1,000 per holder | Final principal repayment |
| Certificates of Balance | 30,000 | |
| | | |
| 10) Audit confirmation | 50,000 | |
| 11) Letter of introduction | 20,000 | |

2. **Special Fees consideration applied at the discretion of Exchange**
    a. **Sukuk Discount:**
    The Exchange may apply a15% discount on Initial and Annual listing fees for certified Sukuk, for the first 5 years..
    b. **Sovereign & Quasi-Sovereign Issuers:**
    Apply a simplified, fixed-fee schedule (e.g., UGX 75M flat initial fee, UGX 15M annual fee) for Government of Uganda, Bank of Uganda, and parastatals.
3. **MSME & Startup Segment:**
    For issuances under UGX 10 billion on a dedicated segment, the Exchange may apply a 50% discount on minimum fees and provide a fast-track listing process.
4. Cross-Listings: The Exchange may waiveive Initial Listing Fees for Sukuk already listed on a recognized exchange And charge only the Annual Fee.