

**THE SECURITIES CENTRAL DEPOSITORY
(AMMENDMENT) RULES 2023**

THE SECURITIES CENTRAL DEPOSITORY (AMMENDMENT) RULES 2023

PART I PRELIMINARY

1. Citation
2. Interpretation

PART II GENERAL

(A) RULES RELATING TO APPOINTMENT OF SECURITIES CENTRAL DEPOSITORY AGENTS

3. Eligibility and procedure
4. Application
5. Conditions
6. Appointment
7. Fees
8. Continuing obligations
9. Approved functions
10. Identity code
11. Indemnity
12. Right to audit
13. Suspension or revocation
14. Appointment of a manager

(B) NATURE OF INTEREST IN SECURITIES CENTRAL DEPOSITORY ACCOUNTS

15. Bare trustee
16. Deposit record
17. Misplaced, lost or stolen certificates

(C) STRUCTURE OF SECURITIES CENTRAL DEPOSITORY ACCOUNTS

18. Securities accounts
19. Disclosure
20. Kinds of accounts
21. Operations
22. Restrictions for SCDAS

(D) OPENING AND MAINTENANCE OF SECURITIES ACCOUNTS

- 23. Process
- 24. Processing period

(E) DEPOSIT OF CERTIFICATES BY SECURITIES CENTRAL DEPOSITORY AGENTS

- 25. Processing of deposits

(F) TRANSFER OF SECURITIES CENTRAL DEPOSITORY ACCOUNTS

- 26. Procedure
- 27. Verification of ownership

(G) SECURITIES ACCOUNTS

- 28. Responsibility for entries in securities accounts

(H) PROHIBITION AGAINST VARIATION OF CONTRACT

- 29. Standardization of contracts
- 30. Prohibition

(I) PRIVATE TRANSACTIONS

- 31. Private transactions
- 32. Settlement of private transactions

(J) CENTRAL DEPOSITORIES AGENT'S REFUSAL TO ACT

- 33. Duty to notify
- 34. Securities central depository may instruct CDA to act
- 35. Penalty

(K) MISCELLANEOUS

- 36. Exclusion
- 37. Availability of information
- 38. Force majeure
- 39. Confidentiality
- 40. Reprimand

(L) DISPUTE RESOLUTION

- 41. Dispute resolution

(M) THE BUSINESS CONDUCT COMMITTEE AND ITS COMPOSITION

42. The committee and its composition

PART III

RULES FOR SECURITIES OTHER THAN DEBT SECURITIES

**(A) DUTY TO NOTIFY SECURITIES HOLDER ON PRESCRIPTION AS AN
ELIGIBILITY SECURITY**

43. Prescription of securities for immobilization

**(B) DEPOSIT OF SECURITIES INTO THE SECURITIES
CENTRAL DEPOSITORY DURING INITIAL PUBLIC OFFERS**

44. Deposit of securities during initial public offers

(C) ADDITIONAL ISSUES

45. Notice
46. Obligation of the issuer
47. Depositor's entitlement list
48. Provisional letters of allotment
49. Entries
50. Indemnity
51. Dividends

(D) WITHDRAWAL OF SECURITIES

52. General
53. Exceptions
54. Rejected withdrawals
55. Restriction

(E) JUMBO CERTIFICATES

56. Issuance
57. Record of depositors

(F) REGISTER OF SECURITIES HOLDERS

- 58. Register of holders
- 59. Form of record of depositors

(G) SUSPENSION OF SECURITIES

- 60. Securities in suspense
- 61. Securities under suspense
- 62. Discretion

(H) MORTGAGING AND PLEDGING OF SECURITIES

- 63. Mortgaging and Pledging

(I) SETTLEMENT OF TRADES

- 64. Settlement of trades
- 65. Mandatory settlement
- 66. Transaction report
- 67. Settlement date
- 68. Settlement mode
- 69. Net settlement
- 70. Effect of settlement
- 71. No restrictions
- 72. Good title
- 73. Failed delivery
- 74. Failed settlement
- 75. Computer failure

(J) RULES RELATING TO ISSUERS

- 76. Compliance
- 77. Identity code

(K) DE LISTING OF IMMOBILIZED SECURITIES

- 80. De listing

L. UNLISTED SECURITIES

- 81. Deposit , immobilisation and maintenance of unlisted securities
 - a.

"buying depositor" means a depositor who places an order to purchase a book-entry security;

“ day” means business day;

“Exchange” means Uganda Securities Exchange;

"Securities central depository" means the Securities Central Depository administered by the Uganda Securities Exchange;

"cum entitlement date" means the date fixed by an issuer as being the last date for entitlement to dividends, bonus issue, rights issue or other distributions to or rights of depositors in respect of securities issued by the issuer;

"eligible securities" means a security which has been prescribed by a securities exchange to be immobilized with the securities central depository under section 15 of the Act;

"immobilization date", in relation to any eligible security, means the date specified in the notice given by a securities exchange under section 15 (2) of the Act as being the last day on which the eligible security may be traded on the securities exchange unless such security has been deposited with the Securities central depository;

"jumbo certificates” ,means the manner in which deposited certificates are stored by the depository during the process of immobilization and dematerialisation.

"listed" means admitted to the official list of a securities exchange in Uganda and listing shall be construed accordingly;

"market day" means any day during which the exchange is open for business;

“non SCDA depositors” refers to depositors of non-listed securities and shall also refer to include Government of Uganda

"notification date", means the date on which the notice pursuant to section 15 (2) of the Act is given by the securities exchange;

"person" includes any body of persons, corporate or unincorporated;

“operational procedures” means the procedures adopted by the Securities central depository from time to time;

"Procedures Manual" includes any manual containing guidelines and operating procedures for Securities Central Depository Agents, issuers and depositors, from time to time, issued by the Exchange;

"Regulations" means Regulations made by the Authority pursuant to Section 68 of the Act;

"SCDA" means Securities Central Depository Agent and "SCDAs" means Securities Central Depository Agents;

"record" includes, in addition to a record in writing –

- (a) any photograph;
- (b) any disc, tape, sound track or other device in which sounds or other data (not being visual images) are embodied so as to be capable (with or without the aid of some other instrument) of being reproduced there from ; and
- (c) any film, tape or other device in which visual images are being embodied so as to be capable (with or without the aid of some other instrument) of being reproduced there from, and any reference to a copy of a record includes –
 - (i) in the case of a record falling within paragraph (b) but not paragraph (c) of this definition, a transcript of the sounds or other data embodied therein;
 - (ii) in the case of a record falling within paragraph (c) but not paragraph (b) of this definition, a still reproduction of the images embodied therein, whether enlarged or not; and
 - (iii) in the case of a record falling within both paragraph (b) and paragraph (c) of this definition the transcript of the sounds or other data embodied therein together with the still reproduction of the images embodied therein.

" SCD Rules" means the rules of the SCD as approved by the Authority

"rules of the securities exchange" means Trading Rules and Listing Rules ;

"selling depositor" means a depositor who places an order to sell a book-entry security.

"settlement bank" means the bank(s) appointed by the Exchange to provide settlement services.

"settlement partner" means any person appointed by an SCDA with the approval of the Exchange to undertake the settlement obligations of the SCDA.

“services” means any of the Securities central depository clearing, settlement and registration services provided by the Securities central depository.

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

“T” means the market day on which a security is purchased or sold by or on behalf of a depositor;

"terminal" means any computer terminal located at the premises of a user which forms part of the computer system;

"transitional period", in relation to any eligible securities means the period immediately following the notification date and ending on the immobilization date;

“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 the rules of the Exchange

"user" means the securities central depository agent, an issuer, a securities exchange or such other person as may be prescribed by the Authority who may be given access to a computer system of the Securities central depository;

In these rules, unless expressed to the contrary:

- a) a depositor of any book-entry security in or under suspense shall, for the purposes of section 41 of the Act, be treated as a member (or debenture holder) but nonetheless such security is under suspense by virtue of the Securities central depository placing a computerised "freeze" or "hold", whether temporary or otherwise, on such security resulting in any of the following forms of suspension-
 - i. where "freeze" or "hold" has been placed upon any securities issued by an issuer such that no entries whatsoever may be made in respect of any such securities in all securities accounts held in the Securities central depository or a particular SCDA;
 - ii. where a "freeze" or "hold" has been placed on a particular securities account such that no entries whatsoever may be made in respect of any book-entry securities whatsoever held in such account;
 - iii. where a "freeze" or "hold" has been placed on any securities issued by an issuer and only in respect of a particular depositors account such that no entries may be made whatsoever in respect of any book-entry securities of that issuer held under such securities account; or

- iv. where a "freeze" or "hold" has been placed on a particular quantum and type of security held under a particular securities account such that no entries may be made in respect to such quantum and type of security held under such account.
- b) Words in the singular include the plural, and words in the plural include the singular.
- c) Words importing the masculine gender include feminine and neuter gender.
- d) References to the Act or any statute shall be deemed to include the Act or that statute as amended or re-enacted from time to time.
- e) A reference to writing shall be deemed to include any mode of representing or reproducing letters, figures or marks in a visible form.
- f) Terms used in these Rules and in the Act not specifically defined here shall unless a contrary intention appears, have the meaning respectively assigned to them under the Act.

PART II - GENERAL

(A) RULES RELATING TO APPOINTMENT OF SECURITIES CENTRAL DEPOSITORY AGENTS

- | | |
|-------------|---|
| Eligibility | <p>3 (1) Only persons prescribed under section 11(3) of the Act and 11(3) of Regulations shall be eligible for appointment as SCDA.</p> |
| Procedure | <p>(2) All appointments of SCDA shall be made by Uganda Securities Exchange in writing under the hand of the Chief Executive for the time being of the Exchange and shall be subject to the approval of the Authority.</p> |
| Application | <p>4 (1) An application for appointment to operate as an SCDA shall be submitted to the Chief Executive of Uganda Securities Exchange in the form set out in Appendix 1 to these Rules and shall be accompanied by -</p> <ul style="list-style-type: none"> (a) Memorandum and Articles of Association or any other document that defines the constitution of the applicant; (b) A letter of no objection from the industry regulator (where applicable) including, if the applicant is a member of a securities exchange, a letter of (c) A firm profile including experience and expertise; (d) A current license of operation (where applicable); |

- (e) Statement by directors of the applicant of ability to provide the required services including financial resources to meet its obligations pursuant to the Act, the Regulations, these rules and the Agency Agreement;
- (f) Details of key personnel, their training experience and skill;
- (g) The appointment fee as prescribed under the USE Fees Charges and Penalties Rules 2021.

(2) Every applicant shall make appropriate arrangements with the settlement bank to effect payment in accordance with these rules and the procedures set out in the Procedures Manual and authorise the settlement bank to effect settlement in accordance with instructions received from the Exchange, and to disclose to the Exchange information regarding the availability of funds to satisfy the SCDA's settlement obligations.

Conditions

5(1) The appointment as SCDA of a non-member of a securities exchange shall exclude the power to operate the accounts for trading activities and shall be limited to non-trading activities including custody and mortgaging.

(2) Uganda Securities Exchange may, in appointing any SCDA to perform any of the approved functions as set out in Rule 9, impose such requirements or conditions, as it considers necessary to ensure orderly deposits, withdrawals, transfers of book-entry securities, payment of cash and dealings in securities.

Appointment

6(1) Upon finding an applicant fit for appointment as SCDA and the applicant satisfying the requirements under rule 4, The Exchange shall appoint the applicant as an SCDA. The SCDA shall upon executing the Agency Agreement be duly appointed and entitled to commence operations as such agent on the terms set out in the Agency Agreement.

(2) Without prejudice to the provisions of rule 4 any member of a securities exchange, non-bank subsidiary of any bank or financial institution approved under the Financial Institutions Act, any institutional investor or any body corporate of a type prescribed by the Authority may apply for appointment as an SCDA.

(3) Any person aggrieved by a decision of the Exchange not to appoint him as a SCDA may appeal to the Authority.

Fees

7. Every SCDA shall pay an annual subscription fee as prescribed in the USE Fees Charges and Penalties Rules 2021 which shall be payable at the commencement of every calendar year following the year of appointment.

Continuing obligations

8. Every SCDA shall, throughout the term of its appointment: -

- (a) not later than three (3) months after the end of its financial year or submit to the Exchange a copy of its audited financial statements;
- (b) maintain all its equipment and facilities, including the hardware and software, in the manner specified in writing by the Exchange from time to time;
- (c) shall comply with the settlement obligations as provided in these rules;
- (d) comply with the CMA rules, these rules, the provisions of the Act and any directions as provided under section 11 of the Act;
- (e) comply with technical and security standards as may be prescribed by the Exchange from time to time;
- (f) provide such other documents as may reasonably be required by the Exchange from time to time and
- (g) meet all other conditions that may reasonably be imposed by the Exchange

Approved
Functions

9. A SCDA shall be authorized by the Exchange to perform any or all of the following functions:-

- a) collection and submission to the Exchange for deposit, certificates for purposes of immobilisation of securities;
- b) submission of requests for withdrawal of certificates in respect of immobilised securities;
- c) the opening, maintenance and closing of securities accounts;
- d) the allocation of trades to securities accounts;
- e) the collection of such fees and charges imposed by the Exchange as may be provided hereunder; and
- f) submission of requests for transfer and pledging of securities
- g) settlement of trades
- h) such other incidental and ancillary functions as the Exchange may determine at its sole discretion.

Identity code

10. The Exchange shall allocate to every SCDA and Issuer an Identity code

Indemnity

11(1) Every SCDA shall be responsible for its own operations and functions pursuant to its appointment and shall indemnify and hold indemnified the Exchange for any loss, legal costs (including third party legal costs), damage or liability suffered or incurred by the Exchange, whether directly or otherwise, as a result of any negligence, omission, mistake, misrepresentation, fraud or error on the part of the SCDA, its servants or agents.

(2) The Exchange shall be responsible for its own operations and functions and shall indemnify and hold indemnified the SCDA's for any loss, legal costs (including third party legal costs), damage or liability suffered or incurred by the SCDA's directly as a result of any negligence, omission, mistake, misrepresentation, fraud or error on the part of the Exchange, its servants or agents.

Right to
audit

12. The Exchange shall, from time to time and at any time upon notice, require an SCDA to produce to the Exchange's duly authorised officer(s), its auditors, legal or other advisors, whether internal or external, such documents or records in respect of any securities transaction or pertaining to any securities account and to provide them with such unobstructed access to its terminals and other computer peripherals situated at the SCDA's or other premises and any data record or information in respect thereof as may, in the opinion of the Exchange or its said advisors, be necessary for the purposes of enabling such auditors to perform any audit and or other investigation or review.

Suspension or
Revocation

13(1) Any SCDA may be suspended by the Exchange or be prohibited from maintaining or performing any or all of the approved functions of an SCDA in any of the following circumstances:-

- (a) violation, whether directly or indirectly, of any provisions of the Act, the Regulations or these rules and any agreements made under the rules, notwithstanding the payment of any penalties or fines imposed thereon;
- (b) failure to pay any money due and owing to the Exchange on any account;
- (c) failure to make good any indemnity for the benefit of the Exchange pursuant to rule 11 hereof;
- (d) becoming insolvent under the Companies Act or any rules or regulations made there under;
- (e) where it is a statutory body established under or by any Act of Parliament, being declared insolvent by the Government or being listed among entities to be dissolved or liquidated; or
- (f) otherwise acts in a manner prejudicial to the interests of the depositors, the Exchange or the capital markets generally.

PROVIDED ALWAYS THAT Exchange shall notify the Authority upon effecting suspension. A suspended SCDA may have its appointment revoked if within the time allowed by the Exchange if it does not remedy the default for which it was suspended.

- (2) The Exchange may suspend or prohibit the SCDA from maintaining or performing the functions of a SCDA and notify the Authority if, without prejudice to the instances in sub paragraph (1) above –
 - (i) it has been suspended from trading as a member of a securities exchange; or
 - (ii) the Authority has not renewed its licence or has revoked or suspended the licence,

Appointment
of manager

14(1) Where an SCDA is suspended or prohibited pursuant to Rule 13, the Exchange may appoint a Manager who shall be authorized to clear, settle or fulfill all outstanding or impending contracts, transactions, transfers or other approved functions of such SCDA

- (2) Where the suspended SCDA is a member of the Exchange, the appointment of a manager shall be done in consultation with the Authority.
- (3) A manager appointed under these rules shall be empowered to:
 - (a) inspect, examine and operate the whole or any part of the computer system situated at the premises of the SCDA;
 - (b) give any direction to the SCDA, its servants or agents to require the production of any record or account required to be kept by such agent pursuant to Parts IV and V of the Act;
 - (c) take over the control and management of the securities accounts of the depositors (other than pledged securities accounts) who have maintained their accounts with such CDA;
 - (d) recommend as appropriate to the Exchange the suspension of a securities account, a particular security therein or a particular issue of securities thereof; and
 - (e) recommend to the Exchange the transfer of any securities account together with all securities registered therein from such agent under suspension to another SCDA, subject to the depositor's approval where the Depositor is available and gives appropriate instructions. Where a depositor is not available or is unable to give such instructions, the Exchange shall facilitate the transfer of such securities accounts to be held directly through the Exchange or its nominee company awaiting

instructions from such depositors. No transactions may take place in securities held in such accounts until the depositors give instructions to transfer them to an SCDA.

(4) Any manager appointed under this rule shall report to and be accountable or answerable for his actions to the Exchange and shall be restricted to the role of the SCDA.

(5) The appointment of the Manager may be revoked by the Exchange with prior consultation with the Authority .

(B) NATURE OF INTEREST IN SECURITIES CENTRAL DEPOSITORY ACCOUNTS

Bare Trustee

15(1) Securities deposited into the Securities central depository shall be held in custody by the Exchange as bare trustee for the beneficial holders.

(2) A transfer of securities into the Securities central depository by a depositor shall not convey any transferor's beneficial interests over the securities deposited.

(3) The beneficial owner shall be entitled to all rights and benefits and be subjected to all liabilities in respect of his/her securities held by the Securities central depository.

Deposit
Record

16. An SCDA shall receive certificates from depositors and complete the deposit form. It shall be the responsibility of the SCDA to verify the information on the deposit form and ensure that the necessary documents relating to such deposits correspond with the record on the newly provisionally opened account prior to submission to the Exchange.

Misplaced
Lost or
Stolen
Certificate

17(1) For any certificates or instruments of transfer which are misplaced, lost, destroyed or stolen once delivered to an SCDA, in the event of any claims whatsoever brought against the Exchange by the depositor or any other party by reason of the loss, misplacement, theft or destruction, the SCDA hereby agrees to indemnify and to hold indemnified the Exchange.

(2) Every SCDA shall follow the directives of the Exchange in relation to the acceptance or rejection of eligible securities.

(C) STRUCTURE OF SECURITIES CENTRAL DEPOSITORY ACCOUNTS

Securities Accounts

18. Every SCDA shall open and maintain with the Exchange one or more securities accounts for the recording of the deposit or withdrawal of securities and for dealing in such securities. These accounts shall comprise an SCDA's securities account and client securities accounts.

Disclosure

19. A SCDA when opening a client securities account shall ensure that it has full particulars of the depositor's identity.

Kind of accounts

20. A client securities account and a SCDA securities account may, in accordance with the operational procedures, record eligible securities in:

- a) a Collateral Account, for eligible securities pledged to the SCDA and held by the Exchange subject to the SCDA's instructions only; or
- b) a Pledge Account, for eligible securities pledged by one account holder to another account holder or other pledgee whatsoever and held by the Exchange for and subject only to the instructions of that pledgee; or
- c) a General Account, for eligible securities available and unencumbered held by the SCDA or by the holder of a securities account.

Operations

21(1) The depository service and its facilities shall be extended by the Exchange and made available to SCDAs in accordance with the Agency Agreement. Depositors shall maintain securities accounts only through the SCDAs.

(2) Any instruction to change, update or make a correction to a securities account of a client shall be given to the Exchange by an SCDA in accordance with the operational procedures.

Restrictions for SCDAs

22. SCDAs shall where they are permitted to hold beneficial ownership in securities be required to segregate their client accounts from the accounts in which they hold beneficial ownership of securities.

(D) OPENING AND MAINTENANCE OF SECURITIES ACCOUNTS

Process

23. (1) Subject to rule 22, Securities central depository accounts shall consist of accounts held by all the depositors, which include:

- a) SCDA's who are members of a securities exchange;
- b) SCDA's who are not members of the exchange as appointed by the Authority.
- c) Other Depositors.

(2) All Securities central depository accounts shall be opened through SCDA's unless the Exchange otherwise requires. Every SCDA shall ensure that they know the true identity of applicants for SCD accounts by using risk-based procedures to verify and document the accuracy of the information they get from such applicants. In verifying applicants' identity, SCDA's shall analyse any logical inconsistencies in the information on the application form.

(3) Accounts held by SCDA's shall contain the following information where applicable:

- a) Name of the SCDA
- b) Address of the SCDA
- c) Country of incorporation or registration of the SCDA
- d) The SCDA's identity code and or any other unique identifier issued to the SCDA by the Exchange or SCD
- e) The SCDA's SCD account number
- f) The SCDA's banker's address and bank account number(s)
- g) Names of securities deposited
- h) Securities codes
- i) Quantities and descriptions of securities held
- j) Amount of frozen securities due to trades, mortgages, court orders (where applicable)
- k) Type of account
- l) Any other information as the Exchange may prescribe from time to time.

(4) Accounts of non-SCDA depositors shall contain the following information where applicable:

- a) Name of depositor
- b) Address of the Depositor
- c) Nationality of Depositor, or country of incorporation
- d) Passport Number or national ID number for Ugandan nationals
- e) Certificate of incorporation or registration (for legal persons)
- f) Name and address of SCDA
- g) SCDA's identity code
- h) SCD account number

- k) Name(s) of securities
- l) Securities codes
- m) Quantities and description of securities held
- n) Amount of frozen securities due to transfers, mortgages, court order (where applicable)
- o)
- p) Type of SCD account
- q) bank account details or mobile wallet details
- r) source of investment funds
- q) Any other information as the Exchange may prescribe from time to time.

Processing
period

24. An application to open the securities central depository account shall be processed by an SCDA not later than one (01) business days after receipt of the application.

(E)

**DEPOSIT OF CERTIFICATES BY SECURITIES
CENTRAL DEPOSITORY AGENTS**

Processing
Of deposits

25 (1) No SCDA shall accept securities other than eligible securities to be deposited with the Securities central depository.

(2) Eligible securities may be deposited with an SCDA after the notification date.

(3) Upon receipt of the deposit form and the securities certificates from the SCDA, the Exchange shall within two (2) market day of the date of lodgment forward the certificate to the issuer for verification and confirmation.

(4) The issuer shall confirm the authenticity of the certificates and verify the depositor's signature within (two) 2-market days of receipt in accordance with the procedures manual.

(5) Upon confirmation, the Exchange shall credit the account of the depositor with the securities.

(6) Pursuant to section 10 (3) of the Act, the Exchange may charge a fee as set out in the USE Fees,Charges and Penalties Rules and approved by the Authority for any eligible security deposited from such date as may be prescribed by the Exchange, provided that such date is after the immobilisation date.

(7) Any information relating to a deposit shall be delivered to the Exchange not later than 12 noon for recording the same day.

(F) TRANSFER OF SECURITIES CENTRAL DEPOSITORY ACCOUNTS

Procedure **26** (1) A client may transfer securities held through one SCDA to another SCDA.

(2) A transfer shall be effected by the client submitting through their SCDA a transfer request in the manner prescribed by the Exchange I.

(3) Where the SCDA refuses or neglects to authorize the transfer of securities as instructed by the client, the client shall report the matter to the Exchange and the Exchange shall, within two (2) business days and upon hearing both parties, issue directions on what should be done, which directions shall be complied with.

Verification of ownership **27** (1) No SCDA shall trade in immobilised securities before establishing that the seller is the holder of the sale securities in an electronic securities account held through such SCDA.

(2) The responsibility of identifying and verifying selling clients and their bona fide ownership of securities shall lie with the SCDA.

(3) The Exchange shall maintain specimen signatures of all Securities central depository account holders, without prejudice to the obligation of SCDAs as set out in this part and elsewhere in these rules.

(G) SECURITIES ACCOUNTS

Responsibility for entries in security accounts **28**(1) Every SCDA shall be responsible for all entries made by such SCDA , its employees or servants in the securities accounts of its depositors and shall, in respect of any such entries, fully indemnify such depositors for any loss, damage or liability suffered by any depositor arising from any willful act, omission, neglect, fraud or error on the part of such agent, its employees or servants in respect thereof and shall indemnify and hold indemnified the Exchange against any claim, action or proceeding instituted against the Exchange by the depositors or any other third party towards any cost, expense, loss, damage or liability suffered or incurred by the Exchange as a result of such claim, action or proceeding.

28(2) Every SCDA shall be responsible for notifying depositors that dealings have occurred on their accounts by electronic or other means by the end of the business day on which such transaction has occurred.

(H) PROHIBITION AGAINST VARIATION OF CONTRACT

Standardization of contract **29** (1) All contracts agreements or memorandum governing the

contractual relationship between the Exchange, the SCDA and the depositors, notwithstanding anything in the application forms to open a securities account and all other forms for any other authorised functions relating thereto shall be made on forms prescribed by the Exchange. No SCDA shall vary, delete, amend or include any term or condition in the aforesaid forms without the prior written approval of the Exchange. Once completed, the form shall be lodged with the Exchange.

29 (2) Contravention of rule 29 (1) shall attract a penalty of two hundred forty currency points and compensate any party aggrieved to the extent of the loss suffered.

Prohibition

30. No SCDA shall enter into any additional agreement, whether supplemental or principal, with their depositors, which may exclude, exempt, disclaim, reduce, limit or waive any liability for loss damage or liability on the part of the SCDA for any willful act, omission, neglect fraud or error on the part of such SCDA, as an SCDA.

(I)

PRIVATE TRANSACTIONS

Private
Transactions

31. (1) No entries relating to private transactions shall be entered in the securities account without the prior approval of the Chief Executive Officer of the.

Settlement of
Private
Transactions

32. Transfers of eligible securities between custodians and between custodians and their clients where there is no change in beneficial ownership, donations, hereditary transfers (subject to relevant approval), sales on attachment, foreclosures on execution, pledges, free deliveries, loans and other dispositions of eligible securities shall be effected within the SCD through SCDAs with prior approval of the Chief Executive Officer

Cap 485A

(J)

SECURITIES CENTRAL DEPOSITORY AGENT'S REFUSAL TO ACT

Duty
To notify

33. Where an SCDA who is a member of a securities exchange refuses to act on the instructions of any of its depositors in carrying out any of its functions related to depositor's transactions specified under rule 9 relating to any book-entry security by reason that the depositor has defaulted (or is about to default) in his obligations relating to any trade order or otherwise, it shall be the duty of the SCDA to notify the Exchange, and where reasonably possible the depositor, immediately stating the reason for such refusal. Nothing in this rule shall be construed so as to authorise any member of the securities exchange to be in breach of any rule relating to such members' lien on securities.

Exchange

34. Where the Exchange, after investigating the

may instruct
CDA to act

matter, is not satisfied with the reason given by the SCDA for its refusal to act, it may, instruct such SCDA to carry out the depositor's instructions or direct the SCDA to act appropriately to resolve the matter.

Penalty

35. Failure on the part of the SCDA to inform the Exchange under rule 33 or to comply with its instructions under rule 34 may result in the suspension of such SCDA as provided in these rules.

(K)

MISCELLANEOUS

Exclusion

36. When acting in good faith and without negligence, the Exchange is not liable to any SCDA or holders of securities accounts under its management for:

- a) any loss of opportunity, profit, market, goodwill, interest or use of money or securities;
- b) any other special, indirect or consequential loss, damage, expense, liability or claim;

which is suffered or incurred by any SCDA or holders of securities accounts under its management arising from or related to the services.

Availability
Of
Information

37. Details of the insurance policy, in particular, relating to the circumstances and procedures in which claims may be submitted by any aggrieved person shall be made available free of charge to any depositor, SCDA or issuer who request for such details.

Force Majeure

38. The Exchange and any person including an SCDA acting on its behalf shall not be held liable to indemnify any aggrieved party for any delay, loss, damage or failure of performance in the event of any act of God, act of public enemy, war, insurgency, riot and labor disputes.

Confidentiality

39. The Exchange, SCDA's and their servants and agents shall keep confidential all information about the Securities central depository, SCDA's and depositors obtained by virtue of the operation of the Securities central depository system, save such information as may already be in the public domain.

Reprimand

40. Notwithstanding any other powers conferred on the Exchange in the Act, these rules or the CMA regulations the Exchange may reprimand or caution any SCDA, issuer or other Users for any breach of any of the provisions of these rules.

41. Notwithstanding any other reporting requirements under these rules, the Exchange shall provide the following information to the Authority on a weekly basis;

- a) the number of trades reported for settlement;
- b) the number of trades settled;
- c) details of trades that have failed to settle on their settlement dates and the name of the concerned SCDA;
- d) the ratio of value traded by each SCD agent to the total value traded;
- e) the ratio of the number of trades effected by each SCDA to the total number of trades effected on the market.

42. The Exchange shall engage an auditor at least once every two years to conduct an operational audit of the SCD.

(L)

DISPUTE RESOLUTION

Dispute

43 (1) Any person aggrieved by a decision of, or the handling of any issue by the Exchange, or the handling of any issue in relation to the requirements prescribed or activities contemplated under these Rules shall, save as provided in rule 6 (3), first refer the matter to the Board for review and resolution within fourteen days from receipt of the decision...

Resolution

(2) The Board shall review and resolve the matter within fourteen days from the date of reference.

(4) An appeal to the Board shall be addressed to the CEO of the Exchange in writing, setting out the disputed decision or action and the grounds for the appeal

PART III - RULES FOR SECURITIES OTHER THAN DEBT SECURITIES

(A) DUTY TO NOTIFY SECURITIES HOLDER ON PRESCRIPTION AS AN ELIGIBLE SECURITY

Prescription of
Securities
For
Immobilization

45 (1) Where, pursuant to section 15 of the Act, the Exchange intends to prescribe a security listed or proposed to be listed on its official list, the Exchange shall, prior to prescribing such security, notify the Authority with respect to-

- a) the notification date;
- b) the transitional period; and
- c) the immobilization date.

(2) Where a listed security or security proposed to be listed for quotation on the official list of the securities exchange has been prescribed as an eligible security, the securities exchange shall inform the issuer in writing at least seven (7) days prior to the notification date. In the case of a security proposed to be listed, the issuer shall serve written notice within seven business days after the receipt of the information from the Securities Exchange

- a) such security shall, after the notification date, become an eligible security;
- b) no securities holder shall, after the notification date, receive any written notice as the transferor in the event that a certificate with his name as the registered owner, together with the relevant instrument of transfer, has been lodged with the Securities central depository to become a book-entry security to be credited into a transferee's securities account, unless such security is withdrawn in accordance with these rules.

(3) The securities exchange shall give the notices required under section 15 of the Act to the public at least seven (7) days prior to the immobilisation date in respect to any eligible securities prescribed by it to be immobilised in the Securities central depository.

(4) The notice referred to in sub rule (3) above shall comply with section 15 (2) of the Act. The notice required shall be given in not less than two daily English language newspapers of national circulation.

(B) DEPOSIT OF SECURITIES INTO THE CENTRAL DEPOSITORY DURING INITIAL PUBLIC OFFERS

Deposit
Of securities
During
Initial public
Offers

46 (1) The Exchange may prescribe for dematerialization a security proposed to be listed on the official list pursuant to section 26 (2) of the Act.

(2) The Exchange shall keep records of book entry securities and perform functions providing for the deposit and transfer of securities deposited therein.

(3) Investors wishing to subscribe for securities during Initial Public Offers or other subsequent offers and who do not already hold a securities account shall first open a securities account. Subject to approval of the Exchange, Provision to apply for securities that are the subject of an IPO may be made by the issuer to enable applicants who do not already hold accounts with the Securities central depository or who wish to open accounts for the proposed issue and shall operate in addition to the any existing platforms for applying for securities in an IPO provided by the Exchange.

(4) Investors who subscribe for securities of issuers during the Initial Public Offers or primary issues as the case may be will be obliged to accept that the securities allotted to them will be deposited in their securities accounts in the Securities central depository.

(5) Every Investor shall indicate their SCDaccount number on the securities subscription form or fill out and submit an application to open an account in the manner prescribed under these rules and the SCD operating procedures. Such new account shall be opened before the allocation of securities.

(6) After securities allocation, the issuer shall notify each successful applicant that the number of securities allotted or allocated to him has been credited to his account in the Securities central depository.

(7) Nothing herein provided shall be deemed to relieve the issuer of its duties and obligations in relation to processing of applications, allotment of securities and appointment of agents for any securities issued.

(C)

ADDITIONAL ISSUES

Notice

47. Where notice has been given by the securities exchange to an issuer and the public, pursuant to section 15 of the Act to prescribe a security, the issuer shall not fix any date for the closing of books in respect of the making of a rights or bonus issue (or of any other options) for such security whereby such date shall fall during the period commencing from the notification date and ending on the ninth business day after the immobilization date.

Obligation

48. Every issuer shall, immediately before making an

of the announcement in accordance with the listing requirements of the relevant securities exchange, inform the concerned securities exchange.
issuer

Depositors **49.** (1) An issuer may request the Exchange for a list of
Entitlement depositors of such issuer's securities as on such date as may be specified in
List the request.

(2) Pursuant to sub paragraph (1), a list of depositors containing the particulars of depositors shall be issued by the Exchange to the issuer as at 4.00 p.m. on the date so specified.

(3) For the purposes of this rule, the record shall be accompanied by a report specifying particulars of any securities which are in or under suspense.

Provisional **50.** (1) Where a security has been prescribed for immobilisation under section
letters of 15 of the Act, any provisional letter of allotment for a rights issue
allotment submitted to the relevant securities exchange for approval shall contain a statement that-

- a) the principal security underlying the rights issue has already been prescribed as an eligible security;
- b) where such provisional letter of allotment has been issued to any depositor who is entitled to the rights the acceptance of the rights shall mean that the depositor consents to receiving such securities as a book-entry;
- c) where such provisional letter of allotment has been issued to any depositor who is entitled to the rights issue by virtue of the relevant book-entry security which is standing to the credit of his securities account, any person who intends to purchase such rights as are renounced shall have to state his securities account number whereupon such rights shall be credited directly in his securities account in book-entry form.

(2) An issuer shall, upon issuing any securities pursuant to additional issues determine the computation of entitlement based upon the appropriate allocation in proportion to the amount of book-entry securities held by the Securities central depository and deliver to the Exchange a list of the allottees, and the quantity of securities allotted to them, together with the appropriate jumbo certificate registered in the name of the Exchange. Unless otherwise instructed directly by a depositor to the contrary, the issuer shall, where the depositor has more than one securities account for the particular

security, allocate such securities into the depositor's securities accounts in such proportion as the security is distributed in the existing account.

(3) An applicant for excess securities arising from an additional issue of securities shall open a securities account, if he does not already hold one.

(4) To facilitate delivery and settlement of such rights the Exchange shall make provision in its systems for immobilisation, recording and settlement of such rights.

Entries **51.** The Exchange shall, upon receipt of the list of allottees and the jumbo certificate pursuant to rule 35, credit the respective securities accounts with the allotted securities as specified therein prior to the listing of such securities.

Indemnity **52.** Every issuer shall fully indemnify and hold indemnified the Exchange from all demands, actions and proceedings made by any depositor for any loss suffered by such depositor in respect of or arising from any error in the list of allottees provided that such error did not arise as a result of negligence on the part of the Exchange.

Dividends **53.** The Exchange may provide to issuers the service of distribution of cash dividends to depositors. The Exchange shall charge for such service at such rate as shall be agreed with the issuer.

(D) WITHDRAWAL OF SECURITIES

General **54** (1) Before dematerialization, depositors may withdraw all or part of the securities held in their accounts.

(2) A request for withdrawal shall be made through an SCDA in the prescribed form in accordance with the operational procedures.

(3) Once a request for withdrawal of securities has been made, no dealings in those securities may take place unless the application for withdrawal is first repudiated or the securities withdrawn have been re-deposited by the depositor with the Exchange through an SCDA.

Exceptions **55.** Before dematerialization, no book-entry securities may be withdrawn from the Securities central depository in any of the following circumstances:

- a) Where the securities are the subject of a transaction which has not been settled;
- b) where a prohibition for withdrawal of such securities is notified by a securities exchange under section 25 of the Act: and
- c) where such securities are for the time being designated as securities in or under suspense except for purposes of withdrawal pursuant to section 25 of the Act;
- d) any other circumstances as may be prescribed by the Exchange from time to time.

Rejected
Withdrawals

56 (1) Any withdrawal rejected together with the reason for the rejection, shall be notified to the respective SCDA within two (2) market days of the time the request is received by the Exchange from the SCDA.

(2) Save for any circumstances where the documents relating to any rejected withdrawal may be retained for and only during investigations, such documents shall be returned to the respective depositor.

Restriction

57. No applications for withdrawal of an eligible security shall be accepted during the period commencing seven (7) days before and including the books closure date and no account shall be closed between the books closure date and the payment date in the event of rights or bonus issues. Withdrawal requests submitted to the Issuer for securities that were immobilised the secondary market operations must be accompanied by a certified copy of the depositors account opening form.

(E)

JUMBO CERTIFICATES

Issuance

58. The Exchange shall, upon lodging with an issuer certificates representing book-entry securities together with the relevant instruments of deposit in the prescribed form duly executed by the depositor(s) thereof and verified in accordance with the provisions of section 10 (l) of the Act, be issued with the jumbo certificate by the issuer.

Record
Of depositors

59(1) The Exchange shall produce and maintain a ledger balance report on all securities accounts.

(2) The report shall be in the form of a statement which shall contain the following information:

- a) The name of the depositor or beneficial owner (where applicable);
- b) The name and quantity of securities held;
- c) The portion of the depositor's holdings that may have been mortgaged; and

d) The balance of securities available for transfer or settlement.

(3) Pursuant to section 34 of the Act, statements of accounts will be provided free of charge at least twice a year and electronic notification shall be sent to each depositor subsequent to any transaction on their accounts. Additional statements will be available to depositors through their respective CDAs within 24 hours of a request therefor, for such fee as may be prescribed by the Authority.

(F) REGISTER OF SECURITIES HOLDERS

Register of
Holders

60 (1) The Exchange shall maintain and continuously update a register of existing depositors by security and the net balance of their holdings in the Securities central depository

(2) Pursuant to section 40 of the Act, the Exchange shall send updated records of depositors to the issuers within one (1) day from the date of a request by an issuer, provided that such request shall be made at a time so as not to include the book closure date.

(3) Nothing in sub paragraphs (1) and (2) shall constitute the Exchange as the registrar of an issuer.

Form of
of
Depositors

61 (1) The record of depositors shall be issued in paper copy and record in any other electronic form as may be agreed upon between the Exchange and the issuer and shall include any information that may be required by the Exchange to be included in the register of depositors.

(2) Where discrepancies in data content occur between a paper copy and an electronic form delivered to the issuer, the data on the paper copy shall prevail.

(G) SUSPENSION OF SECURITIES

Securities in
suspense

62. Subject to Section 47(1) of the Act, the Exchange shall specify that a book-entry security in a securities account is in suspense in any of the following circumstances:-

- _____ (a) where the transfer of the security in the name of the securities central depository or its nominee company is not registered, or is not registrable by the issuer under section 16;
- (b) where an application under section 23 of the Act for withdrawal of such security has been made by a depositor; or
- (c) in such other circumstances as may be prescribed by the Exchange or the Authority.

Securities
under
Suspense

63. Subject to Section 47 (2) of the Act, the Exchange may specify a book-entry security held in any particular securities as under suspense, whether on a temporary basis or otherwise, in any of the following circumstances:-

- (a) Where following an objection or investigation made in accordance with the SCDS rules, there is need for the securities central depository to restrict the transfer, charge or mortgage of the security;
- (b) in the case of an individual depositor, where it has been notified that the depositor has died;
- (c) where a request for suspension of such security has been received from the depositor
- (d) where in compliance with the powers of the Authority to inspect, examine and operate the whole or any part of the computer system pursuant to section 58 of the Act, the Authority has decided that it necessary to place such security under suspense; or
- (e) where the Exchange has been directed by the Minister, through the Authority, to suspend such security in the interests of national security.
- (f) where the book-entry security is reasonably believed to have been entered illegally or wrongfully into the account or is a security in respect of which the underlying certificate has been reported lost or stolen;
- (g) where, pursuant to an objection made in accordance with these rules, the Exchange in its absolute discretion is of the opinion that there is a need to place under suspense a security pending further investigations by the relevant authorities;
- (h) where, subject to an indemnity given by a SCDA, a request for suspension has been received from such SCDA;
- (i) where the Exchange has been served with an order of a court of competent jurisdiction prohibiting any dealing in that book-entry security; or
- (j) where the security has been pledged as collateral.

(k) Where the Exchange has been instructed to restrict the movement of any book-entry transfers, whether partially or otherwise, under these circumstances in accordance with the SCDS rules.

(l) Where the Exchange has suspended trading of the entire issue in respect of such security.

Discretion

64. The Exchange shall in its absolute discretion decide whether a book-entry security is to be placed under suspense under rule 61.

(H)

USE OF SECURITIES AS COLLATERAL AND PLEDGING OF SECURITIES

Mortgaging

65. Securities deposited in the Securities central depository may be pledged as collateral.

And pledging

(2) All pledges of book entry securities shall be effected through entries in the Securities central depository. A depositor shall not be required to deliver the physical certificate to the lender as collateral.

(3) Securities in the Securities central depository that have been pledged as collateral shall not be traded until the pledge is discharged and the security redeemed, except with the prior written consent of the pledgee.

(4) All proceeds and entitlements of pledged securities belong to the pledgor, without prejudice to the right of the pledgor to pledge such proceeds and entitlements.

(5) Promptly upon the termination of the pledge for reasons of payment and performance of the principle obligation or other reason or consideration, the pledgee SCDA shall enter the appropriate instructions to the Exchange to release the securities from the pledgor's pledge account and record them in the pledgor's securities account.

(6) All charge documents shall be in the format approved by the Exchange from time to time.

(7) To secure payments due or the performance of any obligation of the SCDA, the SCDA may pledge to the SCDS, as collateral for its obligations under the Agency Agreement:

(a) all SCDA contributions made by SCDA to any guarantee fund established in accordance with the CMA rules;

- (b) all Eligible securities of SCDA; and
- (c) all Eligible securities in the Securities Accounts under its management for which final and irrevocable payment has not been made by the SCDA.

(8) The rights of the Exchange as pledgee over the assets pledged is subject to SCDA's use of any Service being suspended, terminated or withdrawn.

(9) The Exchange shall appropriately mark in the register securities which are the subject of any pledge.

(I) SETTLEMENT OF TRADES

Settlement
Of trades

66. The Exchange shall appoint a settlement bank through which the SCDA's shall settle their transactions.

(2) Every SCDA that participates in settlement, shall enter into an agreement with the settlement bank for the purpose of settling transactions executed at the securities exchange.

(3) A SCDA may appoint a settlement partner acceptable to the Exchange for settlement purposes.

(4) The settlement partner shall be a party to the agreement between the SCDA and the settlement bank.

Mandatory
settlement

67. All trades in eligible securities shall be cleared and settled through the Securities central depository.

Transaction
Report

68. On every market day in which one or more transactions are recorded in a SCDA's Account, the Exchange shall combine the transactions and provide such SCDA with reports at such time as are set forth in the operational procedures.

Settlement
date

69. Settlement shall be effected by T+3as indicated at the time of trading. The Exchange shall be informed of any change in the settlement date at least one day prior to the new intended settlement date. Where no date of settlement is indicated, settlement shall be effected on T+3.

Settlement
mode

70. Upon settlement of a transaction, the transferor's securities account is debited with the eligible securities being the object of the

transactions and the SCDA's settlement account is credited with the corresponding payment therefor. Simultaneously, the transferee's securities account is credited with the securities being the object of the transactions and the SCDA's settlement account is debited with the corresponding payment therefor.

Net
Settlement

71. All net funds payment obligations arising on settlement date shall be effected and settled through the settlement bank at the time prescribed in the operational procedures on settlement date through the crediting and debiting by the settlement bank of the respective settlement account of the SCDA's based on the net position of each SCDA as a result of settlement.

Effect of
Settlement

72. Upon completion and settlement of the eligible securities and payment therefor title to the securities shall transfer on settlement date and the transaction shall be final and irrevocable.

No
restrictions

73. No SCDA is permitted to attach any condition or restriction on the settlement of transactions and such conditions and restrictions that are imposed contrary to the Regulations, these rules and operational procedures are void and ineffective.

Good
Title

74. A transferee SCDA or holder of an account under its management acquires good title to eligible securities obtained by means of a transaction settled through the Securities central depository.

Failed
delivery

75 (1) In the instances where a delivery failure occurs, a buy-in procedure under the trading rules of the Exchange shall be invoked.

(2) Delivery and settlement failure shall be subject to such fines and penalties as may be prescribed by the Exchange from time to time with approval of the Authority.

Failed
settlement

76. In the instances where a settlement failure occurs, the guarantee fund procedures shall be instituted as set out in the operational procedures.

Computer
failure

77. Notwithstanding anything under this Part, in the circumstances where a terminal at a SCDA premises is "down" or disconnected or where any part of the computer system has failed for any reason, it shall be the responsibility of the SCDA to notify the Exchange immediately by telephone and in writing or by other means to convey the relevant information required. Similarly the Exchange shall immediately notify any SCDA that may be affected by a failure of which the Exchange is aware. The Exchange shall at all times ensure there is adequate back up facilities to ensure that depositors data is not lost and that its operations can

resume without unreasonable delay in the event of a computer failure or other disruption of any kind.

(J) RULES RELATING TO ISSUERS

Compliance **78.** Every issuer of eligible securities shall comply with these rules, the Regulations, the provisions of the Act and any other directives from the Authority. For the purposes of this rule, an issuer shall include, if applicable, its company registrar, or its issuing house, its servants or agents.

Identity **79.** The Exchange shall allocate to every issuer of eligible
Code securities an identity code.

(K) DE-LISTING OF IMMOBILISED SECURITIES

De-listing **80** (1) If securities which are immobilised with the Securities central depository cease to be listed at the relevant Exchange, the Exchange shall within 30 days of such cessation forward an up-to-date record of depositors to the issuer of such security for certification and shall execute a transfer in favour of such depositors unless in the meantime the issuer engages the Exchange to continue holding such securities in immobilized form.

(2) All liability of the Exchange and of SCDA's towards such depositors shall cease forthwith upon de listing, save for any accrued liabilities.

PART IV UNLISTED SECURITIES

81 (1) The SCD may accept deposit securities not listed on an Exchange ("unlisted securities)

(2) The said unlisted securities shall be immobilised and their records maintained in the manner prescribed under the SCD Procedures for unlisted securities 2021

(3) Rules herein related to pledging and liening of securities shall apply mutatis mutandis to unlisted securities held in custody in the SCD

PART V AMENDMENTS

82(1) The Exchange shall at its discretion amend these Rules, the Operational Procedures and the Agency Agreements as and when required and submit them to the Authority to obtain the Authority's approval as provided for under the Act.

(2) The Exchange shall make and maintain effective arrangements for consulting SCDA's during the review process mentioned in sub rule (1) above.

APPENDIX 1

**APPLICATION FOR APPOINTMENT AS A SECURITIES CENTRAL
DEPOSITORY AGENT**

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

Dear Sir,

We.....

(Name of applicant)

Address.....
.....

Hereby apply for appointment as a Securities Central Depository Agent and agree to abide by the Securities Central Depository Act, Rules and operating procedures that are in force now or which may hereafter be made from time to time.

We undertake to furnish a cash guarantee for such sum as may be prescribed by the Board which Guarantee shall be put into the guarantee fund.

We further undertake that in the event of the Exchange invoking the guarantee, we shall restore the Cash Guarantee to the original amount in line with the requirements of the Guarantee fund procedures

We enclose proof of payment of of the fees payable for this application. We understand that the fee is not refundable.

We confirm that the facts given in the documentation accompanying this application are true and correct and accept that in the case of any statement being false, the Exchange reserves the right to reject this application or revoke appointment if already granted.

Sealed with the common seal of -----

In the presence of.....

Director

Director/Secretary

this day of

The following documentation shall accompany this application:

- (a) Memorandum and Articles of Association or any other document that defines the constitution of the applicant;
- (b) A letter of no objection form the industry regulator (where applicable) including, if the applicant is a member of a securities exchange, a letter of no objection from the relevant securities exchange;
- (c) A firm profile including experience and expertise;
- (d) A current license of operation (where applicable)
- (e) Statement by directors of the applicant of ability to provide the required services including financial resources to meet its obligations pursuant to the Act, the Regulations, these rules and the Agency Agreement;
- (f) Details of key personnel, their training, experience and skill;
- (g) The appointment fee as prescribed by USE Fees Charges and Penalties Rules 2021.

APPENDIX II

AGENCY AGREEMENT

SECURITIES CENTRAL DEPOSITORY (SCDA) AGENCY AGREEMENT

BETWEEN

UGANDA SECURITIES EXCHANGE LIMITED (USE)

AND

[Insert SCDA Name]

THIS AGENCY AGREEMENT is made and entered into this..... day of and commencing on the (the Effective date), by and between,

UGANDA SECURITIES EXCHANGE, a company incorporated in Uganda, having its principal office located at UAP Nakawa Business Park, Block A, 4th Floor, P.O. Box 23552 Kampala, Uganda (USE) and

[Name and Address of SCDA] registration number []

RECITAL

WHEREAS USE is authorized under the Securities Central Depositories Act, 2009 to establish and operate a Securities Depository as defined in the Act and to appoint Securities Central Depository Agents (SCDAs)

AND WHEREAS [Name of SCDA) has successfully applied to be appointed as SCDA

THE PARTIES AGREE AS FOLLOWS

1. INTERPRETATION

Unless the context otherwise requires,

- a) “Wide Area Network” means the IT based connection between the central systems server operated by USE and the SCDA’s SCD terminal in its office.
- b) Local Area Network” means the IT based connection between the central systems server operated by USE and the SCDA’s SCD terminal in its premises where the SCDA’s said premises.
- c) “SCD Terminal” means the computer workstation, whose specifications conform to USE’s guidelines and is connected to the USE central server through the Wide Area Network or the local Area Network as the case may be.

- d) “User Manual” means any user’s manual issued to the SCDA by the USE from time to time whether electronically or in hard copy.

In this agreement, except where the context otherwise requires, the terms used in this agreement which defined in the securities Central Depositories Act, 2009 and the SCD Rules 2021 shall have the same meaning. These terms include but are not limited to.

- a) “Agency Agreement”
- b) “Authority”
- c) “Securities Central Depository”
- d) “Securities Central Depository Agent”
- e) “CMA Rules”
- f) “SCD Rules”
- g) “Settlement Account”
- h) “Settlement Bank”
- i) “Eligible Securities”
- j) “Guarantee Fund.”
- k) “Securities Central Depository Operational Procedures”

2. Agency Appointment

USE hereby appoints [Name of SCDA] as a Securities Central Depository Agent to carry out the functions set out in Rule 9 of the SCD Rules 2021

The appointment of the SCDA shall take effect on the date written above as the effective date and shall remain in full effect until such a time it is terminated by USE in writing.

3. SCDA FEES

In consideration of this appointment, the SCDA shall pay appointment fees, annual subscription fees and any other fees as may be prescribed by the SCD Rules or USE Rules from time to time.

4. SCDA’S OBLIGATION

The SCD’s obligation include and are not limited to opening a settlement account with such settlement bank (s) as may be appointed by USE, giving the USE access rights to the settlement accounts to view accounts balances, issue settlement instructions and view confirmations, maintaining the Wide Area Network connection (or local Area Network connection, as applicable) and the payment of any applicable fees and charges.

5. COMPLIANCE WITH RULES, PROCEDURES AND MANUALS

- 1) The SCDA acknowledges that SCD Rules 2021, the SCD Operating Procedures 2015 and any manuals issued by USE constitute part of this Agency agreement and undertakes to comply in all respects to the extent that they apply to it. Provided that in the case of any conflict between this Agreement and the SCD Rules, the SCD Operating Procedures 2009 or issued manuals, the provision of this agreement shall prevail.
- 2) The SCDA acknowledges that, in providing its services as a securities Central Depository, USE may be subject to certain domestic and foreign laws, rules,

regulations and treaties, and to agreements entered into, instruments and declarations made; and therefore, the SCDA agrees to comply therewith upon notice by USE of the relevant provisions thereof.

6. ACCESS TO SECURITIES CENTRAL DEPOSITORY SYSTEM

- 1) The SCDA will access the SCD through an authorized SCD terminal and using such user identity and passwords as shall be provided by USE.
- 2) The SCDA shall furnish USE with details of the SCDA's personnel authorized to deal with USE in relation to the SCDA's role and function as an SCDA and the USE will be entitled to rely upon such information and shall furnish the said authorized personnel with system passwords and instructions in relation to accessing the Securities Central Depository system
- 3) The SCDA undertakes to safeguard and keep confidential any passwords or instructions used by its authorized personnel for purposes of accessing and using the Securities Central Depository system.
- 4) The SCDA acknowledges that operations of the SCD terminal and access thereto will be guided by such specific standards as may be issued by USE from time to time, which will inter alia, define systems access procedures, SCD system security standards, technical specifications from SCD terminals and Wide and Local Area Network devices, suitable and recommended environmental conditions.
- 5) The SCDA shall not make any technical or operational changes to its SCD terminal without the prior written consent of the USE.
- 6) The SCDA shall give the USE written notice of any technical or operational changes regarding its SCD terminal, not later than 24 hours from the occurrence of the change.
- 7) USE may from time-to-time perform audits on the SCD terminal for the purposes of ascertaining any operational or security malfunctions.
- 8) Notwithstanding the foregoing, the SCDA will be fully responsible for the management, security and use of the SCD terminal, the wide or Local Area Network connection and devices associated therewith, the user identity and passwords and any information and data received through its terminal.

7. AVAILABILITY OF CLEARED FUNDS

- 1) Following the close of every trading session, USE will communicate post trading net positions and the SCDA shall ensure cleared funds for the settlement of trades by the deadline stipulated in the SCD Operating Procedures.
- 2) To clause 6(6) above, the SCDA undertakes to always ensure adequate cleared funds in its settlement account, to satisfy its settlement obligations according with the SCD Operating Procedures.

8. COLLECTION OF LEVIES

The SCDA shall, from time to time, collect from its clients and remit to USE and to the Guarantee Fund within the time prescribed by the SCD Rules 2021, such levies, or fees in

respect of transactions processed through the securities Central Depository system operated by USE.

9. ASSIGNMENT OF RIGHTS AND OBLIGATIONS

Either party shall not assign any rights or obligations under this agreement without the prior written consent of the other, which consent will not be unreasonably withheld.

10. SEVERABILITY

Any provision of this agreement that is found or declared illegal, unenforceable, or invalid, shall be deemed severed from the agreement without affecting the enforceability of the remaining provisions of the agreement.

11. TERMINATION

- 1) This agreement shall be terminated, revoked, or suspended in accordance with the SCD Act, 2009, SCD Rules, 2021, without prejudice to any accrued rights and liabilities.
- 2) Notwithstanding the suspension, termination, or revocation of this agreement, the SCDA shall remain liable under this agreement for all matters and transactions that occurred during the validity of this agreement and the agency status of the SCDA.

12. NOTIFICATION OF EVENTS

- 1) The SCDA undertakes to notify USE in the event of a proposed change of the location of its offices not less than 30 days prior to the change of location.
- 2) The SCDA undertakes to notify USE in the event of a proposed change of its authorized personnel not less than 7 days prior to the change of authorized personnel, except in the case of an emergency where the SCDA undertakes to notify the USE immediately upon making the said decision to change.
- 3) USE will give notice of not less than 2 weeks to the SCDA prior to any change in the SCD Rules 2021, SCD Operational procedures 2009 and any manuals.

13. ARBITRATION

- 1) In case, of any controversy, dispute or claim arising out of or related to this agreement, such controversy, dispute, or claim shall in the first instance be settled between the parties amicably and where the parties fail to agree, the matter shall be referred to an arbitrator mutually acceptable to both USE and the SCDA.
- 2) Arbitration shall take place in Kampala, Uganda and shall be in English and in accordance with Ugandan laws.
- 3) Either party shall not be precluded from appealing against the ruling of the arbitrator as provided for under the SCD Act 2021 or any other applicable law.
- 4) Where the parties to his agreement fail to agree within thirty (30) days of the dispute to the appointment of an arbitrator, the Executive Director for Centre for Arbitration and Dispute Resolution, on the application of either party, will appoint the Arbitrator, whose decision shall be final and binding upon the parties.

14. GOVERNING LAW AND JURISDICTION

This agreement shall be governed and construed in accordance with the laws of Uganda. The parties hereby irrevocably submit to the jurisdiction of the courts of Uganda.

15. SUCCESSION

This agreement succeeds all previous Agency Agreements between the parties pertaining to Securities Central Depository Operations.

IN WITNESS WHEREOF, the parties intending to be legally bound have executed this Agreement as of the date first above written.

FOR THE UGANDA SECURITIES EXCHANGE LIMITED

Name:	_____	Witnessed by:	_____
Signature	_____	Signature:	_____
Title:	_____	Title:	_____

FOR SCDA

Name:	_____	Witnessed by:	_____
Signature	_____	Signature:	_____
Title:	_____	Title:	_____