

STATUTORY INSTRUMENTS SUPPLEMENT

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THE INTERIM STOCK TRADING FACILITY RULES, 1996.

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# STATUTORY INSTRUMENTS.

1996 No. 60.

## The Interim Stock Trading Facility Rules, 1996.

*(Under subsection (2) of section 91 of the Capital Markets Authority Statute, 1996, Statute No. 1 of 1996).*

IN EXERCISE of the powers conferred on the Capital Markets Authority by subsection (2) of section 91 of the Capital Markets Authority Statute, 1996, these Rules are made this 3rd day of December, 1996.

### PART I—PRELIMINARY.

1. These Rules may be cited as the Interim Stock Trading Facility Rules, 1996. Title.

2. (1) In these Rules, unless the context otherwise requires— Inter-pretation.

“applicant company” means a company applying for a quotation as described in rule 65;

“approved securities” means securities approved under the rules of the facility to be traded in on the facility;

“authorised dealing officer” has the meaning assigned to it in rule 29;

“Authority” means the Capital Markets Authority established under the Statute;

“buy-in” means buying in by the buyer as described in rule 56 where the seller has not declared the security within five days;

“call-over system” means call-over system as set out in rule 32;

“dealing day” means dealing day within the meaning of rule 30;

“dealing member” means a person who is a holder of a broker or dealer’s licence granted under the Statute and who has been admitted to membership of a facility under these Rules;

“Executive Secretary” means the Executive Secretary of a facility referred to in rule 22;

“facility” means an interim stock trading facility;

“first and second list” mean first list and second list within the meaning of rule 65;

“floor” has the meaning assigned to it in rule 30;

“Managing Committee” means the managing committee of a facility referred to in rule 12;

“mark-up price” means the price of the security which includes the fee of the broker or dealer;

“member” means a member of a facility;

“official call over” means a call-over arising out of an emergency meeting under rule 56 or 57;

“official list” has the meaning assigned to it in rule 39;

“sell-out” means disposal of securities by a seller as described in rule 57;

Statute No.  
1 of 1996.

“Statute” means the Capital Markets Authority Statute, 1996.

(2) Any term appearing in these Rules and defined in the Statute has the meaning assigned to it in the Statute.

## PART II—MEMBERSHIP.

Eligibility  
for  
membership.

3. (1) Membership of an interim stock trading facility shall consist of dealing members and associate members.

(2) Dealing membership shall be granted to a holder of a broker or dealer’s licence.

4. An applicant for membership of a facility shall submit an application addressed to the Executive Secretary of the facility, who shall, on receipt, forward copies of the application to the members of the Managing Committee of the facility.

Application  
for  
membership

5. (1) A member intending to object to the admission of a candidate or the re-admission of a former member, shall submit in writing the grounds of the objection to the Managing Committee of the facility prior to the admission or re-admission.

Objection to  
admission.

(2) The candidate or applicant concerned shall be given an opportunity to respond to the objection and to make any representations in relation to it within thirty days from the date of notification of the objection.

(3) The decision on the application shall be made within ninety days after the receipt of the application.

6. If an applicant for admission or re-admission to membership of the facility is rejected, he or she shall not be considered for membership again until after an interval of twelve months.

Rejection of  
application.

7. (1) Where a member is suspended or expelled under these Rules the member shall forfeit the right to enter the dealing room of the facility and to trade in any manner whatsoever in securities quoted by the facility as a dealing member.

Effect of  
expulsion  
and  
suspension.

(2) The Managing Committee shall, immediately, by written notice, notify the Authority of the fact of and the reasons for the expulsion or suspension.

(3) The Managing Committee may, in such manner as it may think fit, notify or cause to be notified to the public that a member has been expelled or has been suspended or has ceased to be a member of the facility; and the name of that member shall be struck off the register of the facility.

Re-  
admission  
to  
membership.

8. A former member expelled under these Rules or any other rules of the facility, shall not be considered for re-admission to membership until after the expiry of twelve months after the expulsion.

Power of  
admission  
and re-  
admission.

9. (1) The power of re-admission of former members and admission of applicants to membership of the facility shall be exercised by the Managing Committee on behalf of the facility.

(2) The Managing Committee shall report to the Authority within seven days after the rejection of any application for membership or re-admission to membership.

Liability for  
subscription  
and fees on  
admission or  
re-  
admission.

10. A person admitted or re-admitted to membership of the facility shall become liable for the amount of entrance fees, annual subscription and other payments of the facility as fixed by the Managing Committee.

Resignation  
of  
membership.

11. (1) A member wishing to resign from the membership of the facility shall forward to the Executive Secretary a letter tendering the resignation.

(2) Notice of the intended resignation shall be reported to the Managing Committee at its next ordinary meeting.

(3) Acceptance of the resignation shall not be considered by the Managing Committee until four weeks have elapsed since the notice of intended resignation was reported to it.

(4) During the period referred to in subrule (3), the notice of intended resignation shall be posted in the facility's premises.

### PART III—THE MANAGING COMMITTEE.

Governing  
body.

12. (1) The Managing Committee of the facility shall be the governing body of the facility.

(2) The Managing Committee shall be appointed by the Authority.

13. The functions of a Managing Committee are—

Functions of  
Managing  
Committee

- (a) to maintain good order among the members of the facility in accordance with the rules of the facility;
- (b) to regulate the transaction of business through the facility;
- (c) to prevent the commission of frauds and malpractices;
- (d) to publish the official lists of prices and to determine what securities are to be quoted by the facility;
- (e) to determine any dispute between members as to whether or not a contract has been fulfilled in accordance with the rules of the facility;
- (f) to comply with the requirements of the Statute and any directive given by the Authority under the Statute.

14. For the purpose of carrying out its functions under rule 13, the Managing Committee may—

Powers of  
Managing  
Committee.

- (a) intervene in cases where the principal of a dealing member attempts to enforce by law a claim against any member which is not in accordance with the rules and usages of the facility and shall deal with such cases as the circumstances may require;
- (b) censor, suspend, expel or impose any lesser penalty upon any member who—
  - (i) violates any of the rules of the facility; or
  - (ii) is guilty of dishonourable, disgraceful or discreditable conduct ; or

(iii) in its business, acts in a manner detrimental to the interest of the facility or unbecoming of the character of a member of the facility.

Membership  
of  
Managing  
Committee.

15. Membership of the Managing Committee shall be made up as follows—

- (a) one representative of the Authority;
- (b) four representatives of the dealing members;
- (c) two qualified Ugandans of high integrity with relevant knowledge, experience and expertise in the securities industry.

Quorum.

16. The quorum for the transaction of the business of the Managing Committee shall be five, of which three shall be the representatives of dealing members.

Term of  
office.

17. The term of office of a person as a member of a Managing Committee shall be twelve months or until the next general meeting of the facility; but after the expiry of the term, every member shall be taken to have been re-appointed unless notice of the appointment of another person has been received by the Executive Secretary of the facility from the appointing member.

Termination  
of office.

18. Any member of a Managing Committee appointed under paragraph (b) or (c) of rule 15, shall cease to hold office if—

- (a) he or she delivers to the Managing Committee a written resignation of his or her appointment;
- (b) on the advice of the Managing Committee, the Authority removes him or her from office on the ground that he or she is incapacitated by mental or physical illness or is otherwise unable or unfit to discharge the functions of a member of the Committee or is unable to continue as a member of the Committee;

- (c) he or she has been absent from three consecutive meetings of the Managing Committee without leave or good cause;
- (d) he or she is adjudged bankrupt or enters into a composition scheme or arrangement with his or her creditors;
- (e) he or she is sentenced by a court to imprisonment for a term of six months or more without the option of a fine; or
- (f) he or she is convicted of an offence involving dishonesty, fraud or moral turpitude; or
- (g) in the case of a person possessed of a professional qualification, he or she is disqualified or suspended, otherwise than at his or her own request, from practising his or her profession in Uganda or in any other country by an order of any competent authority made in respect of him or her personally.

19. The Chairperson of the Managing Committee of the facility shall be appointed by the Authority from among the members of the Managing Committee and shall hold office for twelve months or until the next general meeting but shall be eligible for re-appointment. Chairperson.

20. The Chairperson of a facility shall preside at all meetings of the Managing Committee of the facility and in the absence of the Chairperson, the members shall elect a Chairperson for the meeting. Chairperson  
presiding at  
meetings.

21. (1) The Managing Committee may meet for the dispatch of business, adjourn, or otherwise regulate its meetings as it thinks fit. Meetings.

(2) The Chairperson of the facility may, at any time summon a meeting of the Managing Committee.

(3) Where a meeting of the Managing Committee is requisitioned by at least four members of the Managing Committee, the Executive Secretary shall convene a meeting of the Managing Committee.

(4) It shall not be necessary to give notice of a meeting to any member of the Managing Committee for the time being absent from Uganda.

Executive  
Secretary.

22. (1) Each facility shall have an Executive Secretary.

(2) The Executive Secretary shall be the Secretary to the Managing Committee.

(3) The Executive Secretary shall be appointed by the Managing Committee.

Votes of  
members.

23. (1) Each member of a Managing Committee shall have one vote.

(2) Questions arising at any meeting shall be determined by a majority of votes but in case of an equality of votes the Chairperson of the meeting shall have a second or casting vote.

Power to  
appoint sub-  
committees.

24. A Managing Committee may appoint sub-committees of the Committee consisting of such members of the Managing Committee as it thinks fit and may delegate to any sub-committee so appointed any function of the Managing Committee.

Prohibition  
from  
dealing for  
specified  
non-  
members.

25. In any case where the Managing Committee is satisfied that in the interest of the proper regulation of the transaction of business on the facility it is desirable to do so, the Managing Committee may, in its absolute discretion and without being bound to state its reasons, issue instructions prohibiting dealing members from transacting any further business, directly or indirectly, for any specified non-member or a class of non-members or for anyone acting on behalf of any such non-member or class of non-members.

26. In all matters brought under the consideration of the Managing Committee, the decision of the Managing Committee, whether expressed by a resolution or otherwise, shall be carried out by every member concerned.

Decisions.

27. The Executive Secretary of the facility may censor, suspend, expel or impose any lesser penalty upon any member of the facility who fails to comply with any of the decisions of the Managing Committee of the facility.

Failure to comply with Managing Committee's decisions.

28. Authorised dealing officers shall attend before the Managing Committee when required and shall give such information as may be in their possession as authorised dealing officers relating to any matter under investigation.

Authorised dealing officers to attend and give information.

#### PART IV—METHOD OF OPERATION.

29. Each dealing member shall authorise two members of its staff, being holders of dealer's representatives licences, to transact business through the facility on its behalf and they shall be known as authorised dealing officers; but only one authorised dealing officer shall deal on behalf of each dealing member at any one time.

Authorised dealing officers.

30. (1) Authorised dealing officers representing the dealing members shall meet in a dealing room called the "Floor" at such place as the Managing Committee may decide on every Tuesday afternoon from 2:00 p.m. to 4:00 p.m. or such other day and hour as the Managing Committee shall from time to time decide, for the purpose of trading in approved securities.

Dealing room.

(2) Where the dealing day is a public holiday, the Floor shall be opened for trading in the afternoon of the next business day.

31. (1) Trading in approved securities on the Floor shall be limited to the official dealing hours as may be specified from time to time when the Floor is open for the transaction of business.

Dealing hours.

(2) There shall be no trading in approved securities on the Floor before or after the official dealing hours.

Trading  
procedure.

32. (1) Trading in approved securities on the Floor shall be conducted under the call-over system.

(2) The authorised dealing officers shall assemble at fixed times on the Floor and the Executive Secretary or other official of the facility shall preside over the transactions on the Floor and direct the conduct of business on the Floor.

(3) By drawing lots at the beginning of each trading day, positions shall be allocated to the authorised dealing officers from the left of the Executive Secretary or other presiding official of the facility.

(4) Quoted securities shall be called-over in alphabetical order by an official of the facility.

(5) In a clockwise order from the left of the Executive Secretary or other presiding official of the facility, offers shall be made to the Floor by all those wishing to offer a security as the list of quoted securities is called.

(6) The authorised dealing officer making the lowest offer shall indicate his or her size and receive from the remaining dealers bids which shall also be made in a clockwise order from the left of the Executive Secretary or other presiding official of the facility and in the absence of offers, bids may be made to the Floor.

(7) Where there are two identical offers or where there is a dispute on two identical bids, the person closest to the left of the Executive Secretary or the presiding official shall be taken to have preference in the transaction.

(8) When a buyer and a seller agree on a price, a bargain is completed and the price shall be marked on a price board.

(9) Continuous markings shall be made of bargains done during such times as the Floor remains open for trading.

(10) Only prices marked shall be considered to be the official prices for the day.

33. The unit of trading in securities quoted by a facility shall be such number of each security as stated in the prospectus. Unit of trading.
34. When an authorised dealing officer has an order to buy and an order to sell the same security, he or she shall publicly offer the security on the Floor in accordance with these Rules. Bids and offers binding.
35. An offer to sell coupled with an offer to buy back at the same or at a higher price, or vice versa outside the Floor is a “pre-arranged trade” and is prohibited. Pre-arranged trade prohibited.
36. No member shall knowingly or without due care, deal in such manner as to amount to any act prohibited by section 83 of the Statute. False market prohibited.
37. (1) When a bargain is completed the facts relating to the transaction namely, the date, the name of the security, the amount and price shall be duly recorded on a bargain slip approved by the Managing Committee and both parties to the bargain shall sign respectively as authorised dealing officers for the buyer and seller. Bargain slip.
- (2) A copy of the bargain slip shall be handed over to the Executive Secretary or other presiding official at the call-over.
- (3) Authorised dealing officers shall enter all bargains in the appropriate market books.
38. (1) Every dealing member shall within forty-eight (48) hours after completing a transaction on behalf of a client, forward to the client a contract note setting out, *inter alia*, the date of the transaction, the number of units of the security bought or sold, the price, the amount of commission and the amount of the statutory duty, if any, to be paid by the client in respect of the transaction. Contract note.
- (2) All contract notes shall have printed or written on them the words “subject to the Rules of the Interim Stock Trading Facility”.

(3) All contract notes shall also bear the words "Dealing Member of the Interim Stock Trading Facility" immediately after the signature to them.

Official lists.

39. The lists of the prices in respect of the first list and the second list marked to be known as the "Official Lists—First List or Second list" respectively shall be issued and posted in the facility's premises by the Executive Secretary under the authority of the Managing Committee.

Transactions to be for net prices and for cash.

40. (1) All transactions entered into by dealing members shall be for net prices as between the buyer and seller.

(2) An offer to buy or sell at a price named shall be deemed to be for cash.

Fictitious transactions prohibited.

41. No fictitious transactions shall be made by or between dealing members whether or not they amount to acts prohibited by section 83 of the Statute.

Alteration of prices by members.

42. (1) No alteration of price or amount of security shall be made after a bargain has been completed.

(2) All securities dealt in by dealing members shall be taken to be fully paid at such prices as quoted in the respective official list.

Dealing members' responsibility for transactions.

43. A dealing member shall accept full responsibility for all transactions through the facility undertaken by its authorised dealing officers.

Restrictions on authorised dealing officers.

44. (1) An authorised dealing officer shall not transact business for any member other than his or her registered employer nor for an authorised dealing officer of any other member nor for his or her own account.

(2) The facility shall not recognise in its dealings any other parties than its own dealing members.

(3) Every bargain whether for the account of the member effecting it or for the account of a principal, must be fulfilled according to the rules and usages of the facility.

45. An authorised dealing officer shall not accept instructions or adopt procedures which would in any way or for any purpose override his or her duty to execute each transaction to the best advantage of his or her client according to his or her judgement at the time of dealing.

Dealing  
duty of  
dealers.

46. No application to annul a bargain on the facility shall be entertained by the Managing Committee except upon a specific allegation of fraud or wilful misrepresentation or upon *prima facie* evidence of such material mistake in the bargain as in its judgement renders the case one which is fitting for its adjudication.

Inviolability  
of bargains.

47. A member shall not attempt to enforce by law any claim against another member arising out of or connected with the facility's business without the consent of the Managing Committee.

Legal  
proceedings  
forbidden.

48. (1) All disputes between members not affecting the general interest of the facility which arise out of the facility's business shall be referred to the arbitration of a member or members of the facility agreed by the members concerned; and the Managing Committee shall not adjudicate on such disputes unless arbitrators cannot be found or are unable to come to a decision.

Disputes not  
affecting the  
general  
interest.

(2) The decision of the Managing Committee shall be final as to whether a dispute affects the general interest of the facility and how it shall be dealt with.

49. (1) If a non-member makes any claim or complaint against a member, it shall be considered in the first place by the Managing Committee whether the claim or complaint is fitting for the adjudication of the Managing Committee.

Claims or  
complaints  
by non-  
members.

(2) When the Managing Committee decides in favour of adjudication, the non-member shall, prior to the case being heard by the Managing Committee, sign a form of reference issued by the Managing Committee in such form as may be determined by the Executive Secretary from time to time.

Compromise  
forbidden.

50. No dealing member shall compromise with or accept any payment on account from any other dealing member in connection with any transaction not in accordance with the rules of the facility.

Advertising  
permitted.

51. Subject to the Statute and to any regulations made under it, a dealing member may advertise for securities market business or, for that purpose, issue circulars or business communications to persons other than its own principals or, with the prior consent of the Managing Committee, issue on behalf of a principal, circulars to holders of a security of a company offering to acquire the security; except that it shall not consider any holder of the security as its principal by reason of the issue of the circular.

Prospectuses  
and  
circulars.

52. A member shall not, without the consent of the Managing Committee, allow its name to appear as a member in any prospectus relating to, or circular issued in furtherance of, any offer of a security in respect of which no application for quotation has been made to the Managing Committee or, where such an application has been made, it has been refused or deferred or quotation has been suspended or cancelled by the Managing Committee.

Require-  
ments for  
business  
documents.

53. (1) The names of all partners or directors of any firm or company under which a dealing member carries on stock trading business on the facility shall be printed on all letter-heads, contract notes or other documents used by the member in the transaction of that business.

(2) Every dealing member shall have printed on all letter-heads or other documents used by the member in the transaction of the stock trading business the words, "Dealing Member of the Interim Stock Trading Facility".

54. (1) An authorised dealing officer shall not transact with any other authorised dealing officer any business intended to be concealed from his or her employer.

Private dealings with authorised dealing officers.

(2) All bargains shall be booked in the name of a dealing member.

55. No dealing member shall, without the prior consent of the Managing Committee, transact business for a client who has failed to fulfill his or her obligation to another dealing member.

Business for defaulting clients.

56. (1) When securities are not delivered within five (5) days after the bargain, the buyer shall have the right to cause the securities to be bought-in and any loss occasioned by doing so shall be borne and settled by the seller.

Buying-in.

(2) It shall, however, be at the discretion of the Executive Secretary, if, owing to difficulty in obtaining the securities to be bought-in, the price to be paid is excessive or the securities are unobtainable in the open market, to call an emergency meeting of the Managing Committee which shall then decide upon a mark-up price on which the difference due by the seller to the buyer shall be determined.

(3) Securities bought-in shall continue to be bought-in until a bargain is done unless the Executive Secretary otherwise determines.

57. (1) When securities have been duly tendered and not paid for within five (5) days in conformity with the terms of the sale, the seller shall have the right to cause the securities to be sold-out and any loss occasioned by so doing shall be borne and paid by the buyer.

Selling-out.

(2) It shall, however, be at the discretion of the Executive Secretary, if owing to difficulty in disposing of the securities to be sold out, the price to be obtained is inadequate or such securities are un-saleable in the open market, to call an

emergency meeting of the Managing Committee and the Managing Committee shall then decide on a making-up price on which the difference due by the buyer to the seller shall be determined.

(3) Securities sold-out shall continue to be sold-out until a bargain is done, unless the Executive Secretary otherwise determines.

Procedure  
on buying-  
in or  
selling-out.

58. The Executive Secretary shall buy-in or sell-out securities at the official call-over of the facility at any time during the hours of business on the day on which notice is given or the next call-over day according to the instructions of the member on account of whom the buying-in or selling-out is to be effected.

Permitted  
transactions.

59. No transactions will be allowed on the Floor in any securities other than securities for which permission for quotation has been granted by the Managing Committee.

Delivery

60. (1) The seller of a security shall make or tender delivery of the stock or share certificate within a reasonable time but not later than one month after the day on which the transaction has been made.

(2) Delivery shall in all cases be made or tendered at the office of the dealing member effecting the purchase on a business day before bank closing time on that day.

(3) When an official certificate of registration of a security has been issued, the Managing Committee will not, unless bad faith is alleged against the seller, take cognizance of any subsequent dispute as to title until the legal issue has been decided.

Regularity  
of  
documents.

61. The seller of a security is responsible for the genuineness and regularity of all documents delivered.

62. (1) A dealing member taking up a security deliverable of by instrument of transfer, shall, at the time of the transaction or within forty eight (48) hours after that time, furnish the seller with the full name, address and description of the transferee, that name being that of a person competent and willing to accept transfer.

Furnishing  
of names.

(2) A dealing member who unreasonably refuses to comply with subrule (1) shall be liable for any loss occasioned by the refusal.

63. Any dealing member delivering a security deliverable by instrument of transfer and having received a name, shall enter that name and the consideration given by the buyer in the instrument of transfer; and any dealing member who unreasonably refuses to do so shall be liable for any loss occasioned by so refusing.

Preparation  
of transfers.

64. (1) A dealing member shall charge his or her client commission in respect of every bargain made on his behalf and in respect of every service for which a charge is prescribed, at the rate according to the scale determined, subject to the Statute and any regulations made under it, by the Managing Committee.

Fees and  
commiss-  
ions.

(2) Any dealing member found to have charged more than any rates fixed by the Managing Committee shall be liable to a fine not exceeding one million shillings or to expulsion or suspension or both as may be determined by the Managing Committee.

**PART V—CONDITIONS TO BE MET BY COMPANIES  
WHICH WISH TO HAVE THEIR SHARES QUOTED BY THE  
UGANDA INTERIM STOCK TRADING FACILITY.**

65. (1) There shall be two lists of the facility, namely the first list and the second list.

Listing of  
securities.

(2) Each list shall specify all securities which have been admitted for quotation on that list.

(3) Any company seeking quotation for its securities on the facility on the first or second list shall submit an application through a dealing member to the Managing Committee in such form and manner as the facility may, from time to time and with the approval of the Authority, determine.

(4) Any company which intends to apply for quotation for new securities which do not rank *pari passu* with the class of securities already quoted, shall submit its prospectus through a dealing member to the Managing Committee for approval before publication.

(5) The approval of the Managing Committee of the prospectus shall be subject to prior written clearance of the prospectus by the Authority.

(6) All applications for quotation on the first list shall contain the following information—

(a) audited financial statements for the past five years; and if the statement in respect of the last financial year is older than six months, it shall be accompanied by an up-dated statement prepared by the auditors of the applicant company and certified by a responsible officer of the applicant company;

(b) details of share conditions, namely, classes of shares, subscriptions and options outstanding, where applicable;

(c) earnings and dividend information for the past ten years;

(d) the total number of shareholders at the time of application, indicating the paid up and unpaid up shares held by them.

(6) All applications for quotation on the second list shall contain the following information—

- (a) audited financial statements for the past three years or since the incorporation of the applicant company if not three years old and if the statement in respect of the last financial year is older than six months, it shall be accompanied by an up-dated statement prepared by the auditors of the applicant company and certified by a responsible officer of the applicant company;
- (b) details of share conditions namely, classes of shares, subscriptions and options outstanding, where applicable;
- (c) earnings and dividend information for the past five years or, where the applicant company has been in existence for less than five years, since its formation;
- (d) the total number of shareholders at the time of application, indicating the paid-up and unpaid-up shares held by them.

(7) The applicant company shall undertake to submit to the Managing Committee six copies of all financial statements released to its shareholders.

(8) The applicant company shall undertake to notify the Managing Committee immediately following a declaration of dividends.

(9) The applicant company shall also certify that there are no restrictions on transfer of its shares except as provided by law.

(10) Copies of the following documents shall be submitted to the Managing Committee—

- (a) the memorandum, articles of association and other regulations of the applicant company;
- (b) a certified copy of the certificate of incorporation;

(c) a certified copy of the certificate entitling the applicant company to commence business;

(d) any reports required by law to be placed before a meeting of shareholders.

(11) The facility may, with the prior approval of the Authority, from time to time modify or vary the listing requirements in relation to the first list or the second list of the facility.

(12) All modifications and variations to the listing requirements under subrule (11) shall be published in such manner as required by the Authority.

Auditor's  
report.

66. An applicant company shall attach to its application for quotation, written evidence regarding the operation and effectiveness of the auditor's report in relation to the applicant company covering such period prior to the submission of the application and such matters as the Managing Committee may specify from time to time.

Disclosure  
of  
information.

67. Rules 65 and 66 shall be without prejudice to any other requirements relating to prospectuses or disclosure of information imposed under the Statute or any regulations made under it.

#### PART VI—DEALING MEMBERS' ACCOUNTS.

Office to  
handle stock  
trading  
business  
and  
maintain  
separate  
records.

68. Each dealing member shall set up, within its organisation, an office which will handle its stock trading business on the facility and it shall, in respect of that business maintain separate records in sufficient detail to show particulars of—

(a) all purchases and sales of securities by the member and the charges and credits arising from them;

(b) all transactions by the dealing member with or for the account of—

- (i) clients other than dealing members;
  - (ii) partners or directors of the dealing member;
  - (iii) employees of the dealing member; and
- (c) all income incurred from commission, interest and other sources and all expenses, commissions and interest paid.

PART VII—MISCELLANEOUS.

69. The facility shall—

- (a) establish such compensation fund as may be required by the Authority for the purposes of granting compensation to investors who suffer pecuniary loss from the failure of a dealing member or its authorised dealing officers to meet its contractual obligations; and
- (b) require a dealing member and its authorised dealing officers to carry and maintain a professional fidelity insurance cover in respect of the business of dealing in securities on the facility as may be required by the Authority.

Compensation fund and fidelity insurance.

70. The facility shall, as required by the Authority, arrange for the provision of central depository, clearing and settlement services to the facility in accordance with a scheme approved by the Authority.

Central depository services.

LEO KIBIRANGO,  
*Chairman, Capital Markets Authority.*