



THE REPUBLIC OF UGANDA

**THE COOPERATIVE SOCIETIES (AMENDMENT)
ACT, 2019**



THE REPUBLIC OF UGANDA

I SIGNIFY my assent to the bill.

Yoweri Museveni

.....
President

Date of assent: 6/11/2019......

ARRANGEMENT OF SECTIONS

Section

1. Amendment of section 1 of the principal Act
2. Amendment of section 2 of the principal Act
3. Amendment of section 3 of the principal Act
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5. Amendment of section 5 of the principal Act
6. Amendment of section 6 of the principal Act
7. Insertion of new section 6A
8. Amendment of section 8 of the principal Act
9. Replacement of section 16 of the principal Act
10. Repeal of section 17 of the principal Act
11. Insertion of new sections 18A and 18B
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13. Amendment of section 22 of the principal Act
14. Amendment of section 23 of the principal Act
15. Amendment of section 25 of the principal Act
16. Amendment of section 29 of the principal Act
17. Amendment of section 36 of the principal Act
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THE REPUBLIC OF UGANDA

THE COOPERATIVE SOCIETIES (AMENDMENT) ACT, 2019

An Act to amend the Cooperative Societies Act, Cap. 112 to strengthen the regulation and supervision of all types of cooperatives, improve safety and soundness of savings and credit cooperatives, enhance cooperative identity and solidarity, promote member empowerment and improve governance within cooperatives for sustainability of cooperative enterprises, and for other related matters.

DATE OF ASSENT:

Date of Commencement:

Be it enacted by Parliament as follows:

1. Amendment of section 1 of the principal Act.

Section 1 of the Cooperative Societies Act, in this Act referred to as the principal Act is amended—

- (a) in paragraph (b) by substituting for the words “cooperative unions” the words “secondary and tertiary cooperatives societies” and inserting immediately after the word “services” the words “cooperative bank”;
- (b) in paragraph (f) by substituting for the words “deputy commissioner” the words “assistant commissioners”;

- (c) by inserting immediately after paragraph (k) the following—
 - “(k)(a) “loan loss provision” means an expense or allowance a lender sets aside to recognize that a borrower may be unable to repay a loan in part or in total”;
- (d) in paragraph (h) by substituting for the words “primary societies” for the words “secondary societies and tertiary societies”;
- (e) by inserting immediately after paragraph (m) the following—
 - “(m)(a) “multipurpose society” means a primary cooperative society that engages in two or more different types of enterprises”;
- (f) by inserting immediately after paragraph (r) the following—
 - (i) “(r)(a) “secondary society” means a registered society under this Act, the membership of which is restricted to primary society”;
 - (ii) “(r)(b) “social audit” means the process by which a cooperative society can account for its social performance report on and improve that performance”;
 - (iii) “(r)(c) “tertiary societies” means a registered society under this Act, the membership of which consists of at least two secondary societies”.

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- (g) “cooperative bank” means a bank formed to serve primarily the cooperative societies.
- (h) “cooperative officer” means the District Cooperative Officer as defined in the law.

2. Amendment of section 2 of the principal Act.

Section 2 of the principal Act is amended by inserting immediately after subsection (4) the following—

“(4a) Every district shall have a District Cooperative Officer and the staff who will report to the Commissioner of Cooperatives or a person designated by him or her.”

3. Amendment of section 3 of the principal Act.

Section 3 of the principal Act is amended by substituting for the head note the following—

“**3. Registration of societies**”.

4. Amendment of section 4 of the principal Act.

Section 4 of the principal Act is amended—

- (a) in subsection (1) by substituting for paragraph (d) the following—

“(d) in the case of an apex society, it consists of two or more secondary or tertiary societies”;

- (b) by substituting for subsection (2) the following—

“(2) Notwithstanding subsection (1)(a), the Registrar may register a society of a unique nature, constituting of less than thirty persons all of whom qualify for membership under Section 13”;

(2a) The Uganda Cooperatives Societies Act shall be administered by provisions of this Act and other laws governing Cooperative societies.

(c) by substituting for subsection (3) the following—

“(3) A cooperative society shall incorporate in its proposed bye laws a statement on cooperative identity as specified in the Third Schedule”;

(d) by inserting immediately after subsection (3) the following—

“(4) For the avoidance of doubt a society shall not be registered with unlimited liability”.

5. Amendment of section 5 of the principal Act.

Section 5 of the principal Act is amended in subsection (3) by substituting for the word “three” the word “four”.

6. Amendment of section 6 of the principal Act.

Section 6 of the principal Act is amended—

(a) by substituting for the head note the following—

“6. Registration on probation”;

(b) by substituting for subsection (2) the following—

“(2) If at the expiration of twenty four months the Registrar is satisfied with the performance of the society, he or she shall register the society permanently, if the society complies with the conditions prescribed by regulations”.

7. Insertion of new section 6A.

The principal Act is amended by inserting immediately after section 6 the following—

“6A. Pre-registration contracts.

(1) A contract which purports to be made on behalf of a cooperative society before the cooperative society is formed, has effect, as one made with the person purporting to act for the cooperative society.

(2) A cooperative society may adopt a pre-incorporation contract with its formation and registration made on its behalf without a need for novation.

(3) In all cases where the cooperative society adopts a pre-incorporation contract, the liability of the promoter of that cooperative society shall cease”.

8. Amendment of section 8 of the principal Act.

Section 8 of the principal Act is amended by inserting immediately after subsection (3) the following—

“(4) A Cooperative Society shall be deregistered if its membership falls below the prescribed number in Section 4.”

9. Replacement of section 16 of the principal Act.

Section 16 of the principal Act is amended by substituting the following—

“16. Rights and obligations of members.

(1) A member of a registered society shall not exercise any of the rights of a member until he or she has made such payment to the society in respect of membership or has acquired such interest in the society as may be prescribed by regulations made under this Act or by the byelaws of the society.

(2) A member of a cooperative society shall have a right—

- (a) to attend, participate and vote for decisions taken at all general meetings of the society;
- (b) to be elected to organs of the society subject to its bye laws, policies and resolutions of the general meeting;
- (c) to enjoy the use of all facilities and services of the society subject to the society bye laws, policies and resolutions of the general meeting; and

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- (d) to access all legitimate information relating to the society.
- (3) A member shall—
 - (a) observe and comply with all the society bye laws and decisions taken by the relevant organs of the cooperative society in accordance with the byelaws of the society;
 - (b) pay up for shares or make any other payments provided for in the bye laws of the society; and
 - (c) meet the debts of the society in case of bankruptcy in accordance with the provisions of this Act and the bye laws of the society; and
 - (d) patronize the society.

10. Repeal of section 17 of the principal Act.

Section 17 of the principal Act is repealed.

11. Insertion of new sections 18A and 18B.

The principal Act is amended by inserting immediately after section 18 the following—

“18A. Leadership and management of a society.

(1) Every society shall have a board consisting of an odd number of members not less than five and not exceeding nine.

(2) The board shall be the governing body of the society and shall, subject to any direction from the general meeting or the bye laws of the society, direct the affairs of the society with powers to—

- (a) enter into contracts;

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- (b) institute and defend suits and other legal proceedings brought in the name of or against the society; and
- (c) do all other things necessary to achieve the society's objects in accordance with its bye laws.

(3) In the conduct of affairs of a cooperative society the members of the board shall exercise the prudence and diligence of an ordinary person of business and shall be held, jointly and severally, liable for any losses sustained through any of their acts which are contrary to the Act, regulations, bye laws or directions of any general meeting of the cooperative society.

(4) The board shall have the responsibility to appoint management who they shall monitor and supervise for the proper management of the society.

(5) A person appointed under subsection (4) to the management of a cooperative society shall—

- (a) be subjected to a fit and proper test;
- (b) have two guarantors.

(6) A person seeking election in a cooperative society shall be subjected to a vetting process by a vetting committee.

(7) A fit and proper test shall be done on all those vying to be board members of a cooperative society in accordance with the statement on cooperative identity and the laws of Uganda.

(8) Subject to subsections (5) and (6), the test shall be done through a vetting committee whose terms of service shall be spelt out in the regulations made under this Act.

(9) Other than the qualifications that may be set with the approval of the registrar, a person shall be a member of a board if he or she—

- (a) is a member of the cooperative society;
- (b) is above the age of 18 years;
- (c) is able to read and write;
- (d) has not been adversely named by the registrar in an inquiry report adopted by a general meeting for mismanagement or corrupt practices while a member of the board;
- (e) is not an under charged bankrupt;
- (f) is of sound mind;
- (g) is not of blood relations with another person on the same board up to the second degree;
- (h) is not a joint account holder in the case of a savings and credit cooperative society;
- (i) has not served on the board of a society for two consecutive terms of two years each;
- (j) has not been serving on the board for an equivalent number of years he or she previously served;
- (k) is not part of a board which has failed to prepare accounts within the specified period as required by this Act, Regulations and the bye laws.

(10) For purposes of subsection (9) (h) a second degree relationship means a grandchild, grandmother or grandfather.

(11) A person shall automatically lose membership on the board of a secondary, tertiary or apex society, where his or her society ceases to be a member of that secondary, tertiary or apex society”.

“18B. Supervisory board.

(1) Save for the board of a cooperative society provided for in section 18A of this Act, the annual general meeting shall be responsible for electing a supervisory board of three persons, which shall make, or cause to be made, regular examination of the accounts, records, and affairs of the society and review the action of the officers, board, and credit committee for conformity with the law, regulations, bye laws, and policies of the society and is answerable to the annual general assembly.

(2) The supervisory board in consultation with the registrar may call a special general meeting of the members to consider any violation of the Act, regulations or bye laws, or any practice of the cooperative society considered by the board to be unsafe or unsound.

(3) The supervisory board shall be required to make a record of all its activities available for inspection by the registrar and the society’s auditors and shall present a report of its activities to the general meeting.

(4) Members of the supervisory board shall be subjected to the same provisions under section 18A subsection (9).

(5) The supervisory committee shall inform the registrar in writing within five working days of any recommendations on the management of the society”.

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(6) A member of the board shall hold office for a term of four years and shall be eligible for re-election.

(7) No member of the board shall be re-elected for more than two consecutive terms.

12. Insertion of new section 21A.

The principal Act is amended by inserting immediately after section 21 the following—

“21A. Records management of a registered society.

(1) Records management in a society shall be done in accordance with the National Records and Archives Act, 2001, Act No.12 of 2001.

(2) There shall be a cooperative archive in the ministry responsible for cooperatives.”

13. Amendment of section 22 of the principal Act.

Section 22 of the principal Act is amended—

(a) by inserting immediately after subsection (1) the following—

“(1a) Notwithstanding subsection (1) the registrar may cause regular audits of operations of Savings and Credit Cooperative Organizations (SACCOs)”.

“(1b) Notwithstanding subsection (1) the registrar may be appointed to carryout audits of a registered society”.

“(1c) The registrar may also cause to be audited societies which have no capacity to audit by a person registered and practicing as an accountant under the Accountants Act, 2013.”.

“(1d) Every society shall give to the registrar statistics of operations as may be required by the registrar”.

- (b) by inserting immediately after subsection (2) the following—

“(2a) In addition to regular audits, social audits shall be conducted annually to examine the following components—

- (a) organization: a measurement of a cooperative society’s fulfillment of its vision, mission and goals, feedback mechanisms, code of good governance and ethical standards;
- (b) membership: a measurement on how the cooperative society responds to the needs of members, observed governance practices, considered provision for benefits of members, and involved members in the affairs of the cooperative;
- (c) staff or employees: an assessment of the cooperative’s fulfillment of the needs and welfare of the employees in terms of safety of workplace and sanitation, including the provision for compensation and benefits;
- (d) cooperation among cooperatives: a measurement of the cooperative society’s affiliations and linkages to federations or unions, the apex society and other cooperatives;
- (e) community and nation: to determine the involvement of the cooperative society and its contributions to the community and nation, in general;

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- (f) network alliance and linkages: an assessment of how the cooperative society relates to other organizations and its collaborative programs”.

14. Amendment of section 23 of the principal Act.

Section 23 of the principal Act is amended by substituting the following—

(1) No person shall be appointed or approved as an auditor of the accounts of a registered society unless that person or in case of a firm is a member of the Institute of Certified Public Accountants of Uganda as per the Accountants’ Act”.

(2) The Registrar in consultation with the Institute of Certified Public Accountants of Uganda may appoint a person who previously served as an assistant registrar and above to audit primary societies.

15. Amendment of section 25 of the principal Act.

Section 25 of the principal Act is amended by substituting for subsection (3) the following—

“(3) Upon amalgamation of registered societies into a society, the societies shall cease to exist but there shall be division of assets and liabilities in accordance with the agreement governing the amalgamation.”

16. Amendment of section 29 of the principal Act.

Section 29 of the principal Act is amended by substituting for the words “Board of Directors of the Uganda Cooperative Alliance Ltd” the words “board of the apex society.”

17. Replacement of section 36 of the principal Act.

Section 36 of the principal Act, is amended by substituting the following—

“36. Liability of past member.

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The liability of a past member for the debts of a registered society as they existed at the time when he or she ceased to be a member shall continue for two years from the date of his or her ceasing to be member and if the first audit of the accounts of the society after his or her being a member disclose a credit balance in favour of that society, the financial liability of the past member shall forthwith cease”

18. Amendment of section 38 of the principal Act.

Section 38 of the principal Act is amended in subsection (1)—

- (a) by repealing paragraph (a);
- (b) by repealing the words “In the case of a society with limited liability” of paragraph (b).

19. Insertion of new section 19

The principal Act is amended by inserting immediately after section 45 the following—

“cooperative bank”

- (1) There shall be a cooperative bank to serve the interests of the cooperative societies and its individual members as per section 45 of the Act.
- (2) This bank shall be regulated by the Central Bank.

20. Amendment of section 46 of the principal Act.

Section 46 of the principal Act is amended by repealing subsection (3).

21. Amendment of section 47 of the principal Act.

Section 47 of the principal Act is amended—

- (a) by repealing subsection (2);
- (b) in subsection (3) by repealing the words “other than societies referred to in subsection (2)”.

22. Amendment of section 49 of the principal Act.

Section 49 of the principal Act is amended—

- (a) in subsection (1), by substituting for the word, “turnover” the words “net surplus”.
- (b) by repealing subsections (2), (3) and (4).

23. Insertion of new sections 49A and 49B.

The principal Act is amended by inserting immediately after section 49 the following—

“49A. Cooperative member education.

(1) The commissioner cooperative development shall carry out cooperative member education to members of registered societies.

(2) The history, philosophy and practices as cooperatives and their role as a factor in the national economy shall be disseminated both in formal and non-formal education.

(3) The role of private sector, non-governmental organizations and individuals engaged in cooperative promotion organization, research and education shall be accredited by the Registrar.

(4) The registrar may accredit such bodies or individuals under subsection (3) as non-academic training bodies.

(5) The registrar shall publish such a list from time to time.

(6) Notwithstanding subsections (1),(2),(3),(4) and (5), every registered cooperative society shall provide for five percent of its net plus in its budgets, funds for cooperative member education.

(7) Subject to subsection (1), every cooperative society shall file annual education plans for the society to the registrar three months before the end of the financial year”.

“49B. Audit and Supervision Fund

(1) There is established an Audit and Supervision Fund into which every registered society shall, unless exempted by the registrar, pay annually a supervision fee and if the society’s accounts are audited by an officer of the department of cooperative development, an audit fee.

(2) The registrar may require a registered society to make additional contributions to the Fund under special circumstances.

(3) The registrar shall administer the fund on behalf of the contributing registered societies and shall report annually to the board in respect of the income derived from the fees and expenditure sanctioned from the board and the balance remaining in the Fund.

(4) The registrar shall fix the fees payable by the registered society under subsection (1).

(5) The funds shall be audited annually by the Auditor-General.

(6) The monies in the audit and supervision fund existing immediately before the commencement of this Act shall be transferred to the Audit and Supervision Fund established under this Act.

(7) Every registered society shall be required to file with the registrar annual returns which shall be deposited in the Supervision Fund.”

24. Amendment of section 52 of the principal Act.

Section 52 of the principal Act is amended by inserting immediately after subsection (1) the following—

“(1a) Where the registrar consults the board under subsection (1), the board shall within 14 days respond to the registrar in writing.”

“(1b) Upon receipt of the board’s response in subsection (1a), or where the board does not respond to the registrar within the time stipulated in subsection (1a), the registrar may proceed with the inquiry envisaged under subsection (1a) as though the same were in consultation with the board.”

25. Insertion of new Parts VII A and VII B.

The principal Act is amended by inserting immediately after Part VII following—

“PART VII A—SPECIAL PROVISIONS RELATING TO DIFFERENT TYPES
OF COOPERATIVE SOCIETIES

55A. Savings and credit cooperative societies.

(1) A savings and credit cooperative society is a registered society for promoting and mobilizing savings and extending credit and financial services to its members.

(2) The word savings and credit cooperative or organization shall form part of the name of a society formed for the purpose described in subsection (1).

(3) All savings and credit cooperative societies shall be registered, developed, or deregistered under this Act, by the registrar.

(4) A savings and credit cooperative society shall discharge any or all of the following functions—

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- (a) acquire, lease, hold, assign, pledge, mortgage, discount or dispose of property or assets;
- (b) enter into contracts;
- (c) institute and defend against lawsuits and other legal proceedings;
- (d) mobilise deposits and borrow in an aggregate amount not exceeding a multiple of capital as prescribed in the regulations made under this Act;
- (e) accept member deposits, provide loans and other financial services to its members;
- (f) operate an office that shall be open for inspection by the registrar or a representative of the registrar at all designated working hours;
- (g) collect, receive and disburse monies in connection with the provision of money transfers, and other money instruments and the provision of services through automated devices for the benefit or convenience of its members, and charge fees for such services;
- (h) act as a trustee, accept and hold in trust real and personal property;
- (i) purchase or make available various forms of insurance or risk;
- (j) manage programs for its members, either on an individual or group basis in compliance with relevant laws; and
- (k) exercise such incidental powers as may be necessary to enable it to carry out effectively the purposes for which it is established.

55B. Prudence and diligence.

(1) In the conduct of the affairs of a savings and credit cooperative society the board shall exercise the necessary prudence and diligence and shall be held jointly and severally liable for any losses sustained through any of their acts which are contrary to this Act, regulations and the bye-laws of the society or the decisions of any general meeting.

(2) An officer of the savings and credit cooperative society shall not participate in the deliberation or determination of any question affecting that person's pecuniary interest or the pecuniary interest of any member of the immediate family of that person or of any company or organization other than the savings and credit cooperative society in which that person has an interest, in which case the person shall disclose any conflict of interest to the board.

55C. The credit committee.

(1) The board shall appoint a credit committee among its members consisting of an odd number of not less than three persons, on such terms and conditions as the byelaws provide.

(2) The credit committee shall be responsible for the general supervision of loans to members, subject to policies established by the board, and approved at the annual general meeting.

(3) The credit committee shall meet as often as required to consider loan applications.

(4) A loan shall not be granted unless it is approved by a majority of the committee except if approved by an officer delegated in subsection (5).

(5) The board may appoint officers and delegate to them the power to approve certain loans whose limits shall be set in their credit policies.

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(6) Any action taken by an officer delegated under subsection (5) shall be reported to the credit committee.

(7) A member whose loan application is not approved may appeal against the decision to the board whose decision shall be final.

(8) A member of the credit committee who defaults on his or her loan obligations, shall cease to be a member of the committee.

55D. Savings

(1) A savings and credit cooperative society may receive savings from members with demand or fixed term accounts.

(2) The terms, rates and conditions of the savings under subsection (1) shall be determined by the board.

(3) A savings and credit cooperative society shall maintain deposits in a bank or financial institution supervised by the Bank of Uganda or in securities issued by the Government or by the Bank of Uganda, for an amount of not less than twenty percent of its total savings and deposits.

55E. Joint accounts.

Two or more members of a savings and credit cooperative society may open up a joint account and such accounts shall be treated as group accounts.

55F. Charge against shares and savings.

(1) A savings and credit cooperative society shall have a first charge against savings and shares off and upon any dividend or interest payable to the member, for any debt due to the society from the member, either as a guarantor or endorser of a loan or any other obligation.

(2) A savings and credit cooperative society may offset any sum credited or payable to a member that is in arrears.

(3) A savings and credit cooperative society may refuse to allow withdrawals from any savings account where an account holder is in arrears on a debt to the society.

55G. Dormant accounts.

(1) Where there has been no activity on a savings account for two years, the board may impose a reasonable maintenance fee on the account.

(2) The society shall give notice of this action under subsection (1) to member, or known interested parties, at the last known address, allowing at least ninety calendar days for a response.

(3) A maintenance fee may be fixed at a rate that covers administrative costs, but shall not reduce a member's interest in the society.

(4) The society shall maintain a separate accounting record of all such accounts.

(5) Share and savings accounts, dividends, interest, and other sums due to a member or other person and held by the society may be presumed abandoned, unless the owner has within five years contacted the society in person or in writing, or otherwise indicated an interest in the funds.

(6) The board may credit the abandoned funds to a special reserve fund of the society and thereafter dividends or interest shall not accrue to a member or other person to whom the property is owing to the last address shown on the records of the society.

(7) A member or other person may reclaim the abandoned funds by proper judicial proceedings began within eight years after the society has credited the funds to the special reserve fund, and thereafter the unclaimed money shall remain in the reserve fund.

55H. Purpose and conditions of loans.

(1) A society may lend money to members for provident or productive purposes, under conditions provided by the byelaws, lending policies and regulations.

(2) The board may establish written policies approved at the annual general meeting, regarding the granting of loans including the terms and conditions of repayment, maximum amounts that may be borrowed, and the acceptable form of security.

(3) A loan shall not be extended to non members.

55I. Loan limits and security.

(1) Loans may either be secured or unsecured.

(2) In addition to generally accepted forms of security, endorsement of a note by a guarantor or co-guarantor, assignment of an interest in real or personal property, deposits or wages may be deemed as security.

(3) The maximum amount that any member and related parties may borrow in the aggregate shall not exceed ten percent of total assets or twenty five percent of institutional capital, to be amended from time to time in preserve of the quality of the society assets.

(4) The maximum amount that a savings and credit cooperative society may lend to its staff and board in aggregate shall not exceed a pre-determined percentage of the cooperative society's total assets set out in the regulations made under this Act.

(5) All loans to staff and board members should be reported to the full board and disclosed on the face of the financial statements.

(6) A society, association, partnership, company or other forms of organizations applying for a loan in a society shall have its directors or leaders pledge as security property held by them in their individual capacity or some other form of acceptable security.

55J. Interest and other charges on loans.

(1) The interest rates on loans shall be determined by the board subject to the limitations imposed by the registrar.

(2) In addition to interest charged on loans, a savings and credit cooperative society may charge members reasonable expenses in connection with making, closing, disbursing, extending, collecting, or renewing of loans.

(3) A savings and credit cooperative society may also assess charges to members, in accordance with the bye laws, for failure to repay loans in the manner agreed upon.

(4) A savings and credit cooperative society may participate in any guaranteed loan program of the Government under the terms and conditions specified in the law providing for such a program.

55K. Loans to society officials.

(1) Board members and officers shall be subjected to the same loan policy.

(2) All society employees shall not be advanced loans from the society other than salary advances in accordance with the human resource policy of the society.

(3) Board members, employees, and members of the supervisory committee shall not act as guarantors of loans to members.

55L. Loan loss provisions and write-offs.

(1) Loan loss provisions and write offs shall be made in accordance with the generally acceptable industrial standards for loans.

(2) Notwithstanding subsection (1) a savings and credit cooperative society shall put in place stringent collection efforts.

(3) Subject to subsection (3) all security seized shall be pledged and auctioned to recover the loan in default.

55M. Investment of society funds.

(1) The funds of the society may be invested in—

- (a) securities or other debt instruments issued or guaranteed by the Government or any agency of the Government;
- (b) deposits or other account of deposit taking institutions under the Financial institutions Act 2004, Act No. 2 of 2004; or
- (c) shares, stocks, deposits in securities and loans to any cooperative society.

(2) An investment made under this section shall not in the aggregate exceed such proportion of the total core capital and savings of a society as the registrar may prescribe.

(3) A society shall not purchase or acquire any land or any interest or right in land except as may be reasonably necessary for the purpose of conducting its savings taking business and where such investments exist they shall not exceed such proportion of the total assets of the society as the registrar may prescribe.

55N. Reporting to the registrar.

(1) Notwithstanding section 22 of this Act, a savings and credit cooperative shall furnish quarterly reports to the Registrar on portfolio, operational self sufficiency, risk analysis and sustainability.

(2) A savings and credit cooperative society that contravenes subsection (1) is liable to a civil penalty not exceeding two hundred shillings payable to the registrar.

55O. The cooperative central finance fund.

(1) There shall be a cooperative central finance fund into which every registered savings and credit cooperative shall contribute five percent of its total equity.

(2) The cooperative central finance fund shall compensate members of the savings and credit cooperative society upon liquidation.

(3) The fund shall be administered by the registrar.

(4) The fund shall be invested in a commercial bank or such other mode as the registrar may approve.

(5) Where the fund has been in existence for three years, a registered savings and credit cooperative may borrow from the fund on terms and conditions determined by the board from time to time.

55P. Functions of the cooperative central finance fund.

The functions of the cooperative central finance fund are—

- (a) to accumulate and prudently manage the liquidity of members of a savings and credit cooperative society through inter lending and investment services;

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- (b) to act as an intermediary for savings and credit cooperative society funds between members and other central finance funds;
- (c) to obtain liquid funds from other savings and credit cooperative society, financial intermediaries and other sources; and
- (d) to provide payment systems and other services of benefit to its members as may be authorized by its bye laws.

55Q.Sources of finance for the cooperative central finance fund.

The cooperative central finance fund may be financed through the following means—

- (a) moneys contributed to the cooperative central finance fund by savings and credit societies as shall be approved by the Registrar;
- (b) investment income accruing to the cooperative central finance fund;
- (c) moneys borrowed for the purposes of the cooperative central finance fund; or
- (d) moneys received as donations or grants to the cooperative central finance fund.

55R.Powers and privileges of the cooperative central finance fund.

The cooperative central finance fund may exercise the powers and privileges of any other saving and credit cooperative society registered under this Act, except that it may only serve member organizations and not individuals.

55S. Exemption of cooperative central finance fund from maintaining reserve fund.

(1) The cooperative central finance fund shall be exempted from the requirement of maintaining a reserve fund as provided under the regulations made under this Act.

(2) Notwithstanding subsection (1) the cooperative central finance fund shall be required to establish and maintain special reserves in accordance with regulations made by the Minister.

55T. Voluntary liquidation.

(1) Subject to the provisions of this Act relating to liquidation, a savings and credit cooperative society may liquidate voluntarily and wind its affairs as provided in the regulations.

(2) Subject to subsection (1) the board—

- (a) shall adopt a resolution recommending to the members that the savings and credit cooperative society be liquidated for the reasons indicated but no such liquidation shall be done without notification to the registrar;
- (b) shall on recommendation of the registrar issue an order temporarily suspending the savings and credit cooperative society's operations for up to thirty calendar days, if it appears that a savings and credit cooperative society is bankrupt or insolvent, or that it has willfully contravened this Act, or it is operating in an unsafe or unsound manner;
- (c) shall be given written notice of the suspension, which shall include a list of the reasons for the suspension and upon receipt of the notice, the savings and credit cooperative society shall cease all operations, except those allowed by the registrar; and

- (d) may request a hearing to present a plan of proposed corrective action if it desires to resume operation of the savings and credit cooperative society, or it may request that the savings and credit cooperative society, be immediately placed into liquidation and a liquidator shall be appointed.

55U. Involuntary liquidation.

(1) If the registrar considers that a savings and credit cooperative society is not viable in the long term, and that there is no suitable or willing merger partner, the registrar may issue an order and appoint a liquidator for purposes of winding up the savings and credit cooperative society.

(2) Upon being placed under involuntary liquidation, a savings and credit cooperative society shall cease all deposit transactions and granting of loans.

(3) Under the liquidator, a savings and credit cooperative society shall continue in existence in order to discharge its debts, pay expenses, collect money owed to it and perform all acts required to wind off its affairs.

(4) The liquidator shall distribute the assets of the savings and credit cooperative society or proceeds of disposing the assets as provided in the regulations.

55V. Dispute resolution in savings and credit cooperative societies.

(1) Subject to the provisions of this Act relating to arbitration under settlement of disputes under Part X of the Act, the following shall also apply to savings and credit cooperative societies—

- (a) where there is a dispute and the issues involve loan defaults, fraud or misappropriations, the case shall be immediately referred to the courts by the society.

- (b) the registrar shall prescribe the qualifications of arbitrators to resolve issues in savings and credit cooperative societies;
- (c) the board in consultation with the members shall identify the persons to be appointed as arbitrators under paragraph (b).

55W. Agricultural production and marketing cooperative societies.

(1) An agricultural production and marketing cooperative society is a society registered for the purpose of animal or crop production, purchasing, processing, marketing, distribution and any such activity for its members as may be provided for in regulations and byelaws made under this Act

(2) An agricultural production and marketing cooperative society is a form of cooperative society registered to help farmers gain market power by joining as a group to market their crops, increase their bargaining power by increasing economies of scale and or purchase supplies and services.

55X. Transport cooperative societies.

(1) A transport cooperative society is a society registered to provide transport and transport related services to its members.

(2) A transport cooperative society shall discharge any or all of the following functions—

- (a) organize transport facilities along those routes or in those areas in which or in which, the society may be permitted to operate by the competent authority;
- (b) purchase, hire or sell and maintain in an efficient condition vehicles and motor cycles for the purpose mentioned above;

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- (c) establish service and repair shops, run petrol pumps and stock motor vehicles and motor cycles accessories, spare parts, oils, equipment :
- (d) operate bus stops which may be entrusted to the society;
- (e) to arrange for the insurance of the society's vehicles against damage, passenger or third party risk:
- (f) own, purchase, erect, repair or take on rent buildings, workshops, stands, go downs, office premises as may be necessary to carry out the objects of the society, and to acquire land for the purpose;
- (g) manage, sell, improve, develop, mortgage, lease, dispose of, take into account or otherwise deal with all or any part of the property, movable or immovable over which the society has power of disposal:
- (h) enter into any agreement with the government or authority including an agreement to supply motor transport vehicles on hire to such authorities and to obtain from them all rights, concessions and privileges, that may seem useful to the society's objects or any of them and to give any guarantee or indemnity as may be expedient for the above purpose;
- (i) undertake welfare activities particularly for the members and employees and their children for the promotion of their moral, educational and physical improvement; and
- (j) undertake other measures designed to encourage in the members the spirit and practice of thrift, self help and mutual help, and to do all such things as are incidental or conducive to the attainment of any or all of the foregoing objects.

55Y. Housing cooperative societies.

(1) A housing cooperative society is a society registered to provide housing facilities and housing related needs for its members.

(2) A housing cooperative society shall discharge any or all of the following functions—

- (a) buy or acquire land and property by purchase, lease exchange, gift or otherwise;
- (b) lay out land to suit the requirements of the society in the form of roads, parks, play grounds, schools, hospitals, markets, post offices, cinemas and other social amenities, in accordance with the governing laws;
- (c) lay out land sites for the benefit of the members of the society;
- (d) construct or cause to be constructed buildings or other works of a common utility to the society, namely—
 - (i) build houses for members on land owned by them and recover the cost in installments;
 - (ii) build or cause to be built residential houses or other buildings for the members.
 - (iii) purchase land for members, build houses on it; and
 - (iv) build houses on land belonging to the society for purposes of renting or leasing them to members;
- (e) hold, sell, mortgage, lease out on hire or hire—purchase system, or otherwise dispose of land, houses, house sites, buildings and all other properties moveable and immovable as may be necessary for carrying out of the objectives of the society;
- (f) raise and borrow funds required for the business of the society;

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- (g) repair, alter or otherwise deal with the building of the society;
- (h) establish and maintain social, recreational, educational, public health or medical institutions for the benefit of the members;
- (i) encourage in members a spirit and practice of thrift, mutual help and self-help; and
- (j) do all such things as are incidental or conducive to the attainment of any or all of the above objects.

(3) The functions of the Housing Cooperative Society under this Act are subject to the land Act Cap 227, National Environment Act Cap 153, Condominium Property Act, 2001, Act No. 4 of 2001, Electricity Act, 1999, Cap 145 and any other law with direct or indirect relation with housing.

55Z. Energy cooperative society.

(1) An energy cooperative society is a registered society formed for the purpose of generating, transmitting, distributing, sale or use of energy or power; both on-grid and off-grid, amongst its members.

(2) An energy cooperative society shall discharge any or all of the following functions—

- (a) provide a framework for the efficient and sustainable production, distribution and marketing of both on grid and off grid energy to members;
- (b) promote generation of energy at household level and consumption of such energy for improved social economic livelihoods;
- (c) improve access to quality, reliable and affordable energy services for members' economic, social and household uses;

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- (d) promote energy efficiency and conservation among members;
- (e) promote diversification of energy supply sources amongst the members;
- (f) harness opportunities offered under clean development mechanisms and other mechanisms including, but not limited to, carbon credit trading to promote the development and exploitation of renewable energy sources;
- (g) identify areas in which new and renewable energy products and services need to be deployed;
- (h) ensure that prudent environmental, social, health and safety considerations are factored in the operations of the society; and
- (i) perform any other function that is incidental or consequential to the fore going functions, or as may be conferred on it by any other law.

55AA. Health cooperative societies.

(1) A health cooperative society is a society registered to establish and operate plans or programs for health care, including hospital care, for its members and the members' dependents through contracts with physicians, medical societies, chiropractors, optometrists, dentists, dental societies, hospitals, podiatrists, and other health operators.

(2) A health cooperative society shall discharge any or all of the following functions—

- (a) establish, maintain, and operate health, dental, or vision care plan or plans;

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- (b) construct, operate, and maintain hospitals or other facilities where health care is given, dental, or vision care, is provided to its members and to other persons or groups of persons who become subscribers to the plans, under contracts;
- (c) to provide access to medical, surgical, chiropractic, vision, dental, or hospital care, other health care services;
- (d) to provide appliances, and supplies, by physicians and surgeons, podiatrists, optometrists, chiropractors, dentists and other health care providers in their offices, in hospitals, in other facilities, and in the home, through contracts with the healthcare providers.

55AB. Consumer cooperative societies.

(1) A consumer cooperative society is a society registered for the purpose of purchasing, procuring, processing, exchanging, hiring and dealing in goods, wares and merchandise including food, clothing, household goods, fuel and other necessities for individual or family consumption or use, as well as agricultural inputs for sale for its members.

(2) A consumer cooperative society shall discharge any or all of the following functions—

- (a) collect and disseminate necessary marketing intelligence for the benefit of its members and to undertake research work and studies in connection with the consumer cooperative movement;
- (b) render technical guidance and assistance to its members in grading, packaging, standardization, bulk-buying, storing, pricing, account keeping, other business techniques and management methods to

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improve and increase their operation and management efficiency;

- (c) establish testing laboratories for testing of consumer goods in general and making such services available for members;
- (d) hold seminars, conferences, meetings and to undertake publicity, propaganda and similar activities that shall facilitate the development of consumers' cooperative movement in the country;
- (e) establish trade connections with manufacturers, their authorized distributors and dealers and to undertake purchase, sale and supply of agricultural commodities, manufactured and value added items and other consumer goods;
- (f) undertake supply of goods in wholesale and retail to its members;
- (g) establish, run or sponsor processing of agricultural commodities and manufacturing units for the production of consumer goods, where necessary, in collaboration with other agencies;
- (h) secure from the Government or other sources requisite facilities, assistance and financial aid, for its members; and
- (i) acquire property and equipment for its activities;
- (j) act as agents of cooperative institutions or any other business enterprises for the purpose of sale, storage and distribution of consumer goods;
- (k) to organize cooperative education programs for members; and

- (1) do all such things and take such steps as are incidental or conducive to the attainment of any or all the objects, in cooperation with other cooperatives and other agencies, where necessary, within and outside Uganda.

55AC. Industrial cooperative societies.

(1) An industrial cooperative society is a society registered to produce, prepare, process or manufacture of goods, wares and merchandise for direct sale or under contract and may include artisans, craftsmen, contracting societies and producers of natural products.

(2) An industrial cooperative society shall discharge any or all of the following functions—

- (a) produce, prepare, adapt, process or manufacture goods, wares and merchandise from materials of every description for direct sale or under contract;
- (b) undertake contracts or sub-contracts by providing labour and technical services, materials, and equipment for land clearance or reclamation, and construction, construction of industrial plants, public utilities or facilities for the development of natural resources, and for the maintenance of buildings, plants and public utilities;
- (c) provide, the necessary materials, equipment, facilities and services to enable members and their families to produce, prepare, adapt or process goods, wares and merchandise in their homes either for individual sale by each member or for sale by or through the society; and
- (d) render services to its members as contractors or as producers, processors and manufacturer of goods, wares and merchandise which are ancillary to their operations or activities.

(3) Industrial cooperative societies for natural products shall perform the following functions—

- (a) purchase, hire or otherwise acquire, maintain and operate boats and other equipment to be used in group fishing by all or each member on an individual basis and market fish and fish products;
- (b) obtain or provide equipment contracts and management services for the production and marketing of pulp wood, fuel wood, timber, lumber and other forest products delivered wholly or particularly from them;
- (c) obtain prospect, exploration and mining licenses and obtain or provide equipment, contracts and management services to provide for development, utilization and disposal of the products of any mine.

55AD. Multipurpose cooperative societies.

(1) For purposes of carrying out more than one activity or objective, a society may be registered by the registrar as a multipurpose cooperative society.

(2) A society referred to in subsection (1) shall clearly state in its proposed byelaws the activities and objects at registration.

(3) A society registered with more than one objective may by majority vote at an annual general meeting amend its objectives to multipurpose.

55AE. Formation of other cooperatives.

For the avoidance of doubt, this Part shall not prejudice the formation of cooperatives other than those mentioned.

PART VII B—CORPORATE GOVERNANCE.

55AF Appointment of board of directors

(1) Every savings and credit cooperative society shall have a board of directors of not less than five directors.

(2) The board of directors shall be headed by a Chairperson who shall be a non-executive director.

(3) Notwithstanding anything to the contrary in any other written law, or any agreement, not more than fifty percent of the directors of the savings and credit cooperative society shall be employees of the savings and credit cooperative society or any of its subsidiaries or affiliates except in such cases where the Registrar is satisfied that all those directors who are employees have been deemed fit and proper to be directors of a savings and credit cooperative society by the home country regulator of the savings and credit cooperative society.

(4) No person who is not a fit and proper person in accordance with the fit and proper test specified in the Third Schedule shall become or remain a director of a savings and credit cooperative society, and for the purposes of this subsection, the registrar shall vet all persons proposed as directors of a savings and credit cooperative society within six months and notify the savings and credit cooperative society accordingly.

(5) An appointment of a director of a savings and credit cooperative society shall not have legal effect for the purposes of this Act or any other law unless that person has complied with the requirements of subsection (4).

(6) Subject to subsection (1) no person who on the date of commencement of this Act is a director of a savings and credit cooperative society shall, on the expiry of his or her current term of office be eligible for re-appointment as a director unless or until he or she qualifies for appointment under subsection (4).

(7) No person who on the date of commencement of this Act is a director of a savings and credit cooperative society shall, six months after the commencement of this Act, remain a director unless or until he or she qualifies for such appointment under subsection (4).

(8) A member of a Shari'ah Advisory Board in any savings and credit cooperative society shall not be appointed a director of a savings and credit cooperative society while he or she holds that position.

55AG Disqualification of director

(1) No person shall become a director in a savings and credit cooperative society unless—

- (a) he or she is above eighteen years of age;
- (b) he or she is of sound mind and has not been declared to be of unsound mind by any court of law in Uganda or elsewhere;
- (c) he or she is not an undischarged bankrupt;
- (d) he or she is a natural person;
- (e) the savings and credit cooperative society has served a written notice on the Registrar of its nomination of that person to become a director; and
- (f) the registrar has given a written approval of his or her compliance with the fit and proper test.

(2) The registrar may, on receipt of the notice referred to in subsection (1), seek further information and documents from the applicant or from other sources.

(3) After due consideration has been given to the written notice, the registrar may—

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- (a) give his or her approval of the applicant to become a director; or
- (b) withhold his or her approval on the ground that the person concerned is not a fit and proper person to become a director.

(4) A person who knowingly or recklessly provides information to the registrar under subsection (1) and (2), which is false or misleading in a material particular commits an offence and is liable on conviction to a fine not exceeding two hundred and fifty currency points or imprisonment not exceeding two years or both.

(5) At least fifty percent of the directors of a savings and credit cooperative society registered under this Act must, during the tenure of their office, be resident in Uganda.

55AH Conflict of interest

(1) A director, officer or a member of a Shari'ah Advisory Board of a savings and credit cooperative society shall not take part in the discussion of or taking a decision on any matter in which that person or any of his or her related interest has an interest.

(2) In any meeting where subsection (1) applies, every officer or director referred to in subsection (1) shall inform the meeting of his or her interest, or that of any of the parties mentioned in subsection (1), and to the extent that the discussion or decision concerns any matter in which he or she has an interest, shall exclude himself or herself from further attendance at that meeting.

55AI. Responsibilities of the board

(1) The board of directors of a savings and credit cooperative society shall be responsible for—

- (a) good corporate governance and business performance of the savings and credit cooperative society;

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- (b) ensuring that the board is in full control of the affairs and business operations of the savings and credit cooperative society;
- (c) ensuring that the business of the savings and credit cooperative society is carried on in compliance with all applicable laws and regulations, and in the case of a savings and credit cooperative society that conflicts Islamic savings and credit cooperative society business, the business of the savings and credit cooperative society complies with the Shari'ah, and is conducive to safe and sound cooperative practices;
- (d) ensuring and reporting to the members at the annual general meeting of the savings and credit cooperative society, that the internal controls and systems, and management information systems of the savings and credit cooperative society—
 - (i) are designed to provide reasonable assurance as to the integrity and reliability of the financial statements of the savings and credit cooperative society and to adequately safeguard, verify and maintain accountability of its assets;
 - (ii) are based on established and written policies and procedures, and are implemented by trained and skilled officers with an appropriate segregation of duties; and
 - (iii) are continuously monitored, reviewed and updated by the board of directors to ensure that no material breakdown occurs in the functioning of such controls, procedures and systems.
- (e) for the purposes of this Act, 'corporate governance' shall cover the overall environment in which the savings and credit cooperative society operates,

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comprising a system of checks and balances which promotes a healthy balancing of risk and return, and in the case of a savings and credit cooperative society which conducts Islamic savings and credit cooperative society business, promotes compliance with the Shari'ah.

(2) The directors of a savings and credit cooperative society shall appoint from among their number, two executive directors who shall—

- (a) be ordinarily resident in Uganda;
- (b) have knowledge of the manner in which the savings and credit cooperative society's longer term strategy is pursued in practice and an ability to influence its policies; and
- (c) effectively direct the business of the savings and credit cooperative society.

55AJ. Duties of directors

(1) A director shall in relation to the savings and credit cooperative society in which he or she serves, stand in a fiduciary relationship and shall in addition and without derogation owe the savings and credit cooperative society and its members the following duties—

- (a) a duty to act honestly and in good faith;
- (b) a duty to act in the best interest and for the benefit of the savings and credit cooperative society;
- (c) a duty to act independently, free from undue influence of any other person; and
- (d) a duty to access necessary information to enable him or her to discharge his or her responsibilities.

(2) The board of directors as an organ and each director individually shall immediately report in writing to the registrar if they have reason to believe that—

- (a) the savings and credit cooperative society may not be able to properly conduct its business as a going concern;
- (b) the savings and credit cooperative society appears to be or is likely in the near future to be unable to meet all, or any of its obligations;
- (c) the savings and credit cooperative society has suspended or is about to suspend any payment of any kind or any transfer or delivery of any asset;
- (d) the savings and credit cooperative society does not, or may not be able to meet its capital requirements as prescribed in accordance with the Act and the savings and credit cooperative society byelaws.

(3) A director who acts in accordance with this section shall make his or her intention known to the board in writing prior to reporting to the registrar.

(4) Where the board of directors or a director fails, omits or neglects to report to the registrar any matter required to be reported under subsection (2), the registrar may—

- (a) withdraw his or her approval of the board of directors as an organ; or
- (b) withdraw his or her approval of any of the directors.

55AK. Removal and suspension of directors

(1) The registrar may, for sufficient cause—

- (a) remove a director of a savings and credit cooperative society;

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- (b) remove or suspend the whole board of directors of a savings and credit cooperative society; or
- (c) exclude any member of the board from qualifying to serve on a board of any savings and credit cooperative society in Uganda for a period of not less than ten years.

(2) For the purposes of subsection (1), ‘sufficient cause’ means—

- (a) in relation to a director or directors’, ceasing to comply with the fit and proper test specified in the Third schedule;
- (b) in relation to the board of directors—
 - (i) failure, omission or neglect of their responsibilities in section 55AI;
 - (ii) failure, omission or neglect to report to the registrar as required by subsection (2) of section 55AJ;
 - (iii) failure or omission or neglect of duties as prescribed by subsection (1) of section 55AJ;
 - (iv) failure to attend without a lawful excuse, two consecutive meetings of the board or being absent from three board meetings for a consecutive period of six months.

(3) No director serving on the board of a savings and credit cooperative society shall simultaneously serve as a board member, or in any executive capacity, with any other savings and credit cooperative society or a subsidiary or affiliate of the savings and credit cooperative society in Uganda.

(4) Where the registrar—

- (a) removes or suspends the whole board of directors; or
- (b) removes any directors from the board and as a result of the removal the number of board members falls below the minimum prescribed in accordance with this Act, the registrar shall immediately assume the powers of the board of directors and shall within fourteen days summon a meeting of the shareholders for the purpose of electing a new board of directors, which shall be required to satisfy the provisions of this Act relating to the appointment of directors.

55AL. Board Meetings

(1) The registrar may, by notice, order any savings and credit cooperative society to provide the registrar within a period specified in the notice, a copy of the board minutes and resolutions duly certified as a true record by the Secretary and Chairperson of the board.

(2) Notwithstanding anything in this Act and the byelaws of a savings and credit cooperative society, the registrar may, in the interest of the savings and credit cooperative society or the safety of depositors—

- (a) order the board of directors of a savings and credit cooperative society to meet within three days and at such place in Uganda as the order shall specify;
- (b) order the board of directors of a savings and credit cooperative society to consider on the agenda of the convened meeting such items relating to the savings and credit cooperative society as the registrar may deem necessary for purposes of the safety of the savings and credit cooperative society and its depositors;

- (c) appoint an observer to any board meeting of a savings and credit cooperative society.

(3) Where a meeting of the board is convened under subsection (2)(a), the quorum for the meeting shall be three directors or one third of the total directors present, whichever is greater, and decisions shall be taken by a simple majority.

(4) Any decision taken under subsection (3) shall be binding on the savings and credit cooperative society.

(5) Where no director turns up, the registrar shall take appropriate action as it deems fit.

55AM. Audit Committee of the board

(1) The board of directors shall constitute from among its members, a committee on audit, consisting of not less than two persons to perform such functions as the board of directors shall specify.

(2) Notwithstanding subsection (1), an executive director shall be disqualified from serving on the committee on audit.

(3) The committee on audit shall be headed by a Chairperson who shall be appointed by the board of directors.

(4) The Chairperson shall have such functions as are prescribed by the board.

(5) The committee on audit shall meet once in every quarter of the financial year of the savings and credit cooperative society.

(6) The following shall be required to attend all meetings of the committee on audit—

- (a) the board members of the committee on audit;

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- (b) the officer responsible for internal audit in the savings and credit cooperative society; and
 - (c) the officers in charge of the financial and treasury functions of the savings and credit cooperative society.
- (7) The committee on audit shall have the following duties—
- (a) to review the internal audit report and programs of the savings and credit cooperative society;
 - (b) to review the internal controls, operating procedures and systems and management information systems of the savings and credit cooperative society and in the case of a savings and credit cooperative society which controls Islamic savings and credit cooperative society business, those controls, procedures and systems designed to ensure compliance with the Shari’ah;
 - (c) to ensure that the audit function of the savings and credit cooperative society is adequately staffed;
 - (d) to ascertain the nature of the external audit, co-ordinate the internal and external audits and consider rectification and implementation of issues raised by the external auditor;
 - (e) to review the financial statements of the savings and credit cooperative society and make recommendations on them;
 - (f) to review such investments and transactions that could affect the well-being of the savings and credit cooperative society as the auditor or auditors or any officer of the savings and credit cooperative society may bring to the attention of the committee;

- (g) to review the practices of a savings and credit cooperative society to ensure that any insider transactions of the institution that have a material effect on the stability or solvency of the society are identified and dealt with.

55AN. Asset and Liability Management Committee

(1) The board of directors shall constitute an Asset and Liability Management Committee consisting of not less than two persons to perform such functions as the board of directors shall specify in relation to establishing the broad guidelines on the savings and credit cooperative society's tolerance for risk and expectations from investment.

(2) Subject to subsection (1), the guidelines shall include the following—

- (a) limits on loan to deposit ratio;
- (b) limits on loan to capital ratio;
- (c) limits on exposure to single or related customers;
- (d) flexible limits on the percentage reliance on a particular deposit liability category;
- (e) maximum dependence on inter-bank and other volatile funding instruments;
- (f) limits on maximum and minimum maturities for newly acquired categories of assets and liabilities;
- (g) limits on maximum and minimum maturities for existing categories of assets and liabilities;
- (h) limits on the sensitivity of the net interest margin on changes in market interest rates;
- (i) maximum percentage imbalance between rates sensitive assets and liabilities;
- (j) limits on minimum spread acceptable between costs and yields of liabilities and assets respectively;

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- (k) limits on minimum liquidity provision to be maintained to sustain operations while longer term adjustments are made;
- (l) primary sources of meeting funds should be quantified; and
- (m) other limits and guidelines as the Registrar may specify.

(3) The registrar may issue notices to savings and credit cooperative societies concerning matters to be considered by the Asset and Liability Management Committee.

55AO. Internal Auditor.

(1) Every savings and credit cooperative society shall appoint an internal auditor suitably qualified and experienced in banking who shall report to the committee on audit of the board of directors.

- (2) The duties of the internal auditor shall be—
 - (a) to evaluate the reliability of the information produced by accounting and computer systems;
 - (b) to provide an independent appraisal function;
 - (c) to evaluate the effectiveness, efficiency and economy of operations;
 - (e) to evaluate compliance with laws, policies and operating instructions;
 - (e) to provide investigative services to line management; and
 - (f) to certify returns submitted to the Registrar by the savings and credit cooperative society.

55AP. External Auditors

(1) Subject to subsection (5), every savings and credit cooperative society shall nominate for appointment annually, from a pre-qualified list to be published by the registrar a firm of qualified auditors whose duty shall be to perform an audit of the financial statements of the savings and credit cooperative society and to give an opinion in accordance with this Act and International Standards on Auditing as adopted in Uganda on the following—

- (a) annual balance sheet, profit and loss account, cash flow statement and other financial statements required to be submitted by the savings and credit cooperative society to the registrar under this Act;
- (b) compliance of the savings and credit cooperative society with the requirements of this Act;
- (c) compliance of the savings and credit cooperative society with the requirements of its byelaws.

(2) A savings and credit cooperative society shall, within thirty days after the nomination for appointment of an external auditor, apply in writing to the registrar for the approval of the appointment.

(3) On receipt of an application under subsection (2), the registrar may in writing—

- (a) approve the appointment;
- (b) approve the appointment subject to such conditions as shall be specified in the approval; or
- (c) decline to approve the appointment.

(4) Where the registrar declines to approve the appointment of an external auditor under subsection (3) or withdraws an approval under subsection (7), the savings and credit

cooperative society shall nominate another firm as external auditors and subsection (2) shall apply with the necessary modifications in respect of that nomination.

(5) Where a savings and credit cooperative society fails to nominate or obtain approval of an external auditor within two months after the lapse of the term of its previous external auditor, or fails to fill a vacancy for an external auditor, the registrar may appoint a qualified firm of auditors whose remuneration shall be paid by the savings and credit cooperative society.

(6) A person appointed as an external auditor under subsection (5) shall—

- (a) be deemed to have been appointed as an external auditor at the immediately preceding annual general meeting of the savings and credit cooperative society;
- (b) be deemed to be an external auditor appointed by the savings and credit cooperative society under subsection (1) and approved by the Registrar as required by subsection (3).

(7) The registrar may for sufficient cause withdraw his or her approval of the appointment of an external auditor previously granted, and upon the withdrawal, the external auditor concerned shall vacate office.

(8) For the purposes of subsection (7), “sufficient cause” shall relate to any of the following—

- (a) failure to comply with the requirements of this Act;
- (b) breach of duty as imposed by this Act;
- (c) inability to perform to the prescribed standard or at all;
- (d) any other reason that the registrar may, in his or her discretion consider applicable.

55AQ. Approval of External Auditor

No person shall hold office as an external auditor of a savings and credit cooperative society unless his or her appointment has been approved by the Registrar under section 55A 11.

55AR. Disqualification of External Auditor

A person shall not qualify to be appointed or to act as an external auditor of a savings and credit cooperative society if—

- (a) that person, and in case of a firm, every partner in the firm, is not registered as a member of the Institute of Certified Public Accountants established under the Accountants Act;
- (b) that person, either directly or indirectly has a material interest in the savings and credit cooperative society or its affiliates;
- (c) in the opinion of the registrar, circumstances exist which may impair the independence or impartiality of that person in the performance of his or her duties as an external auditor of the savings and credit cooperative society;
- (d) that person is an officer or servant of the savings and credit cooperative society;
- (e) that person is a partner, or associate of a director, or an officer or substantial shareholder of the savings and credit cooperative society;
- (f) that person by himself or herself, together with his or her partners or employees, performs the duties of secretary or book-keeper for the savings and credit cooperative society.

55AS. No change of External Auditor

(1) No savings and credit cooperative society shall, before the expiry of the term of the current external auditor remove or change its auditor except with the prior written approval of the registrar.

(2) Any person who is an external auditor of a savings and credit cooperative society shall give adequate written notice to the savings and credit cooperative society and the registrar of—

- (a) his or her decision to resign from office and the reasons for the resignation;
- (b) his or her decision not to seek to be re-appointed and the reasons for doing so.

55AT. Insurance cover by External Auditor

Each firm of external auditors approved for appointment by the registrar under this Act shall have in force, before the commencement of the audit, a valid professional indemnity insurance cover for negligence in the performance of its duties under this Act.

55AU. Time limit for External Auditor

No audit firm or individual auditor shall serve the same savings and credit cooperative society as external auditors for a continuous period exceeding four years.

55AV. Duties of External Auditor to savings and credit cooperative society

An external auditor appointed under this Act shall have a primary duty to audit, which shall include the following—

- (a) a duty to warn the board of directors of a savings and credit cooperative society of—
 - (i) the savings and credit cooperative society's ability or inability to meet the capital requirements;
 - (ii) the savings and credit cooperative society's ability or inability to meet the reserve and liquidity requirements;

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- (iii) the savings and credit cooperative society's credit, foreign exchange and operations risks;
- (iv) any other matter which the auditor becomes aware of in the performance of his or her functions as an auditor which may—
 - (aa) prejudice the ability of the savings and credit cooperative society to continue conducting business as a going concern;
 - (ab) be detrimental to the interests of the depositors; or
 - (ac) violate the principles of sound financial management or the maintenance of adequate internal controls and systems by the savings and credit cooperative society.
- (b) a duty to obtain sufficient, relevant and reliable evidence to satisfy themselves of the various matters necessary to form their opinion;
- (c) a duty to carefully plan, supervise and review all their work including work performed by subordinate staff;
- (d) a duty to ascertain, evaluate and test internal controls before placing audit reliance on them;
- (e) a duty to exercise reasonable care and skill in accordance with the current professional standards and practices, and to perform the audit in accordance with international auditing standards and such other regulations, directives, policies and guidelines as the registrar may issue;
- (f) a duty to assess, and in writing comment on, the report of the board of directors before the report is tabled at the annual general meeting.

55AW. Duties of External Auditor to Registrar

(1) An external auditor appointed under this Act shall inform the registrar if there are reasonable grounds to believe that—

- (a) the savings and credit cooperative society is insolvent, or there is a significant risk that the savings and credit cooperative society will become insolvent; or
- (b) the savings and credit cooperative society has contravened a—
 - (i) a prudential standard,
 - (ii) a requirement in this Act, regulation, notice or directive issued under this Act; or
 - (iii) a condition imposed on its license.

(2) The external auditor shall verify all quarterly returns and other reports of the savings and credit cooperative society which the registrar may from time to time require to be verified.

(3) The external auditor shall submit to the registrar a management letter in which they shall disclose all shortcomings or any contravention of the law.

(4) The external auditor shall perform any other functions as the registrar may by notice assign the auditor.

55AX. External Auditors right to access financial records

(1) The external auditor appointed under this Act shall have a right of access at all times to such books, accounts, computer systems, vouchers, financial records and securities of the savings and credit cooperative society and shall be entitled to receive from the officers and staff of the savings and credit cooperative society all information and explanations as he or she may require in the performance of his or her duties.

(2) Any person who—

- (a) obstructs an external auditor in the performance of his or her duties under this Act;
- (b) fails, refuses or neglects to provide an external auditor with such books, accounts, computer systems, vouchers, financial records and securities as requested by the external auditor, commits an offence and is liable on conviction to a fine not exceeding one hundred currency points or imprisonment not exceeding one year or both.

55AY. Information by External Auditors to Registrar

(1) The registrar may, by notice in writing, require a person who is, or who has been an external auditor of—

- (a) a savings and credit cooperative society; or
- (b) a subsidiary or affiliate of a savings and credit cooperative society; to provide such information about the savings and credit cooperative society, subsidiary or affiliate, if the registrar considers that the information will assist it in performing its functions.

(2) Where a person to whom a request to provide information has been made under subsection (1), fails, refuses or neglects to provide the information, or provides information which is false or misleading, that person commits an offence under this Act and is liable on conviction to a fine not exceeding two hundred and fifty currency points or imprisonment not exceeding two years or both.

55AZ. Audit report

(1) The external auditor shall, after performing the audit, submit to the savings and credit cooperative society an audit report.

(2) A savings and credit cooperative society shall ensure that a report made under subsection (1) of this clause is submitted to the registrar within three months after the close of its financial year.

(3) A savings and credit cooperative society which contravenes subsection (2) of this clause commits an offence and is liable on conviction to a fine of twenty currency points for each day exceeding the period prescribed in subsection (2) until submission of the report.

(4) A savings and credit cooperative society shall provide the external auditor with a letter of assurance from management stating that they have disclosed all financial and other related transactions both off and on balance sheet including contingent liabilities and a copy of the letter shall be submitted to the Registrar with the audit report.

55AAA. Qualified audit report

The auditor shall, in every report on the savings and credit cooperative society's audited annual financial statements which include a qualification, identify and quantify the matters for qualification where possible.

55AAB. Rejection of audit report

(1) The registrar may, if dissatisfied with the standard or quality or both, of the audit, reject the audit report and call for a fresh audit at the expense of the savings and credit cooperative society concerned, the external auditor or both.

(2) Where the registrar rejects an audit report, it may appoint an auditor for the savings and credit cooperative society and shall fix the remuneration to be paid to the auditor by that savings and credit cooperative society.

55AAC. Requirements on provisions

The Registrar shall, before annual accounts of a savings and credit cooperative society are finalized, dividends paid, and the capital requirements are met, require to be satisfied by the savings and credit cooperative society in respect of—

- (a) sufficiency of provisions for bad debts;
- (b) existence and enforcement of a proper policy of non-accrual of interest on non-performing loans;
- (c) amortization of preliminary expenses, goodwill and similar expenses.

55AAD. Special and further investigations by External Auditors

(1) The registrar may require an external auditor to—

- (a) submit such additional information in relation to the audit as the registrar shall deem necessary;
- (b) carry out any other special investigation;
- (c) carry out any further investigation;
- (d) submit a report on any of the matters referred to in paragraphs (a), (b) and (c); and the savings and credit cooperative society concerned shall remunerate the auditor in respect of the discharge by him or her of all or any of such additional duties.

(2) The registrar shall, at least once in every financial year arrange meetings between the registrar, a savings and credit cooperative society and its external auditor to discuss matters relevant to the registrar's supervisory responsibilities which have arisen in the course of the statutory audit of that savings and credit cooperative society, including relevant aspects of the business of the savings and credit cooperative society, its accounting and internal control systems, and its annual balance sheet, profit and loss accounts, and management letter.

(3) The registrar may, if he or she considers it necessary, arrange from time to time meetings with the external auditors of the savings and credit cooperative society.

(4) If an external auditor, acting in good faith and not negligently or with wrongful intent, furnishes to the registrar any information or opinion on a matter to which this Act applies and which is relevant to the supervisory function of the registrar whether or not in response to a request by it, such actions by the external auditor shall not—

- (a) constitute a breach of any duty which the external auditor may owe to any person, or
- (b) constitute a contravention of any code of professional conduct to which the external auditor may be subject.

(5) Subsection (4) shall apply to any matter of which the external auditor becomes aware in his or her capacity as an external auditor or in discharge of his or her duties under this Act and which relates to the business or affairs of the institution or its subsidiary or affiliate.

55AAE. Control over management

(1) The Registrar may, by order in writing, remove from office a chairperson, director or the chief executive of a savings and credit cooperative society if satisfied that in the public interest or for preventing the affairs of the savings and credit cooperative society being conducted in a manner detrimental to the interests of the depositors or for securing the proper management of the savings and credit cooperative society, it is necessary to do so.

(2) The removal under subsection (1), shall take effect from such date as may be prescribed by the registrar.

(3) A person aggrieved by the decision of the registrar may, within fourteen days after making the order, make representations to the registrar and the registrar may modify, cancel or uphold his or her decision to remove that person or impose any conditions on the modification or cancellation.

(4) Where an order under subsection (1) has been made, the registrar may appoint any suitable person in place of the chairperson, director or chief executive who has been removed from office to hold that office for such period as the letter of appointment may specify.

(5) Notwithstanding anything in any law or in any contract, or memorandum and articles of association, a person removed by the registrar under this Act is entitled to compensation for loss or termination of employment of not more than three months' salary.

(6) A person who has been convicted of an offence involving financial impropriety, fraud, or financial loss shall not become or continue in the management of a savings and credit cooperative society.

55AAF. Credit Reference Bureau

(1) The registrar or any other person authorised by the registrar shall establish a Credit Reference Bureau for the purpose of disseminating credit information among savings and credit cooperative societies for their business.

(2) All savings and credit cooperative societies shall promptly report to the Credit Reference Bureau—

- (a) all the details of non-performing loans and other accredited credit facilities classified as doubtful or loss in their portfolio, where the amount owed is not in dispute and the customer has not made any

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satisfactory proposals for repayment of the debt following formal demand, and the customer has been given at least twenty-eight days' notice of the intention to disclose that information to the Credit Reference Bureau;

(b) information on customers involved in financial malpractices including bouncing of cheques due to lack of funds and fraud.

(3) No information other than that referred to in subsection (2) shall be divulged by any savings and credit cooperative society to the Credit Reference Bureau without the customers' consent.

(4) Where—

(a) a Credit Reference Bureau formed under this Act or its officer,

(b) a savings and credit cooperative society or its officer; discloses to a savings and credit cooperative society or its officer, the Credit Reference Bureau or its officer, the information referred to in subsection (2), in good faith, in the performance of their duties, no right of action shall accrue to or against that person for breach of the duty of confidentiality.

(5) Any customer of a savings and credit cooperative society has a right to know what information is held on him or her by the Credit Reference Bureau.

(6) The Registrar may, in consultation with the Minister, make regulations providing for the access and use of the Credit Reference Bureau by other credit providers or service providers.

(7) For the purposes of subsection (6), “credit provider” or “service provider” means an institution not licensed by the Registrar that is involved in the provision of goods and services on credit to the public.

(8) Where the Registrar considers it necessary, and after consultation with the Minister, the Registrar may, under the provisions of subsection (1), establish more than one Credit Reference Bureau.

(9) The Registrar may licence Biometric Identification Service Provider for purposes of the Credit Reference Bureaus established under subsection (1).

(10) For the purposes of this section, a Biometric Identification Service Provider means a legal entity established and licensed by the Registrar to collect, compile, consolidate, process and store biometric and personal identification data to identify persons, companies and enterprises for purposes of availing that data to savings and credit cooperative societies, microfinance deposit taking institutions, credit reference bureaus and such other credit providers that may have been permitted by the Registrar under regulations made under subsection (6).

55AAFa. Savings and credit cooperative societies to carry out credit check on customer applying for credit

(1) Unless the Registrar directs otherwise, every savings and credit cooperative society shall perform a credit check on a customer who applies for credit from the savings and credit cooperative society.

(2) Notwithstanding subsection (2), the Registrar may, by statutory instrument, after consultation with the Minister, prescribe other circumstances requiring a savings and credit cooperative society to perform a credit check on a customer.

SUPERVISION.

55AAG. Inspection of savings and credit cooperative societies

(1) The registrar may, periodically or at any time at his or her discretion, cause an inspection to be made, by an officer of the registrar or other person appointed by the Registrar, of any savings and credit cooperative society and of its financial records and books of accounts on the premises of the savings and credit cooperative society and shall provide to that savings and credit cooperative society a copy of the report on inspection.

(2) The savings and credit cooperative society shall furnish to the officer making an inspection under subsection (1) all such books of accounts and financial records and other documents as well as assets including cash, notes and securities held by the savings and credit cooperative society in its custody or power and furnish the officer with such statements or information relating to the affairs of the savings and credit cooperative society as the officer may require of it within such reasonable time as the officer may specify.

(3) An officer of a savings and credit cooperative society who fails to furnish any document in his or her custody or power as required under subsection (2) commits an offence and is liable, on conviction, to a fine not exceeding fifty currency points or imprisonment not exceeding six months, or both.

(4) An officer appointed by the registrar under subsection (1) shall after inspection prepare and submit a report which shall draw attention to any breach or contravention of this Act, regulations, notices or directions issued under this Act, any weaknesses in systems control and procedures or in the manner of conduct of the business of the savings and credit cooperative society inspected, any mismanagement, and such other matter relating to the business of the savings and credit cooperative society not consistent with sound banking practice.

55AAH. Information to be provided by savings and credit cooperative societies.

(1) A savings and credit cooperative society shall furnish to the registrar at such times and in such form as the registrar may prescribe, all information and data of its operations in Uganda including periodic returns called for by the registrar and the audited balance sheet and profit and loss account and those of any company which is a subsidiary, affiliate, associate or holding company to that savings and credit cooperative society or any other information which the registrar may require for the proper discharge of his or her functions under this Act.

(2) A savings and credit cooperative society shall report to the registrar all loans and other credit granted or extended to its insiders at least once every quarter of the financial year.

(3) A savings and credit cooperative society which, without reasonable cause, fails to comply with subsection (1) or (2), or submits inaccurate returns, shall pay to the registrar a civil penalty of fifty currency points per day of default.

(4) The registrar may impose restrictions on the operations of a savings and credit cooperative society which fails to provide information required under this clause or which provides false information.

(5) The registrar may, upon request made to him or her by any monetary or financial regulatory authority in the ordinary course of its business, disclose any of the information provided under this clause to that monetary or financial regulatory authority within or outside Uganda; except that the registrar shall, before disclosing any information under this section, first satisfy himself or herself that the information is required for the proper discharge of the functions of the requesting monetary authority or financial regulatory authority.

55AAI. Information for consolidated supervision

(1) The registrar shall, if he or she deems necessary for the safety and soundness of the savings and credit cooperative society, or for the safety of the depositors or to determine whether the provisions of this Act are being duly complied with, require in writing any affiliates, associates, holding or subsidiary companies or any person who controls a savings and credit cooperative society to provide the registrar or his or her appointed agent such information or documents as may be necessary including the financial statements and other financial records of that affiliate, associate, holding or subsidiary company or controller within the period specified in the notice.

(2) The registrar may appoint a competent person to carry out an examination of the operations and affairs of the affiliate, associate, holding or subsidiary company of a savings and credit cooperative society; or of any person who exercises control over a savings and credit cooperative society in order to satisfy himself or herself that the operations and affairs of the affiliate, associate or holding or subsidiary company or of the person who exercises control over a savings and credit cooperative society are not detrimental to the safety and soundness of the savings and credit cooperative society concerned.

(3) A person who fails, refuses, omits or neglects to provide information requested under subsection (1) and/or (2) commits an offence and is liable on conviction to a fine not exceeding two hundred and fifty currency points or imprisonment not exceeding two years or both; and an additional fine not exceeding fifty currency points for each day on which the offence continues.

(4) Any substantial shareholder or director of a savings and credit cooperative society who—

- (a) being a natural person fails, refuses, omits or neglects to provide information requested for under subsection

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(1) or (2) or is a party to such failure, refusal, omission or neglect; or

- (b) being a company fails, refuses, omits or neglects to provide information requested under subsections (1) or (2) or is a party to such failure, refusal, omission or neglect, shall cease to be a fit and proper person and shall not remain a substantial shareholder or director in a savings and credit cooperative society.

26. Amendment of section 73 of the principal Act.

Section 73 of the principal Act is amended by inserting immediately after subsection (17) the following—

“(18) The Uganda Cooperative Alliance shall report to the registrar of cooperatives.”

27. Amendment of section 75 of the principal Act.

Section 75 of the principal Act is amended by substituting for subsection (1) the following—

“75. Application to Court

A person aggrieved by the decision of the registrar under section 73 or by virtue of any other provisions of this Act may apply to court for redress”.

28. Insertion of new Part XII.

Immediately after section 83 of the principal Act, there is inserted the following—

PART XII—TRAINING

84. Training of cooperative society members.

(1) There shall be training of cooperative officers, staff and members of committees of the cooperative societies in Kigumba Cooperative College, Tororo Cooperative College and any other cooperative training institution;

(2) These colleges shall be managed and run by the Ministry responsible for cooperatives;

(3) The education fund shall be applied to the development of these colleges;

(4) These colleges shall develop the cooperative knowledge. to be applied even to the last member of the cooperative society and any other incidentals in relation to cooperative education.

29. Insertion of new Third Schedule to the Principal Act.

The principal Act is amended by inserting immediately after the Second Schedule the following—

“Third Schedule

section 4(3)

STATEMENT ON COOPERATIVE IDENTITY.

1. Definition

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

2. Values.

(1) Cooperatives are based on the values of self help, self responsibility, democracy, equality, equity and solidarity.

(2) In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

3. Principles.

The cooperative principles are guidelines by which cooperatives put their values into practice and these include the following—

- (a) voluntary and open membership; whereby cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of its membership, without gender, social, racial, political or religious discrimination;
- (b) democratic member control; whereby cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions namely—
 - (i) men and women serving as elected representatives are accountable to the membership; and
 - (ii) in primary cooperatives members have equal voting rights of one member, one vote and cooperatives at other levels are also organized in a democratic manner;
- (c) member economic participation; whereby members contribute equitably to, and democratically control, the capital of their cooperative such that—
 - (i) part of the capital is usually the common property of the cooperative;
 - (ii) members usually receive limited compensation if any, on capital subscribed as a condition of membership;
 - (iii) members allocate surpluses for any or all of the following purposes such as developing their cooperative by setting up reserves part of which at least would be indivisible, benefit members in proportion to their transactions with the cooperative and support other activities approved by the membership.
- (d) autonomy and independence; whereby cooperatives are autonomous, self-help organizations controlled by their

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members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy;

- (e) education, training and information: whereby cooperatives provide education and training for their members, elected representatives, managers, and employees so that they can contribute effectively to the development of their cooperatives and also inform the general public particularly young people and opinion leaders about the nature and benefits of cooperation;
- (f) cooperation among cooperatives; whereby cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures; and
- (g) concern for community; whereby cooperatives work for the sustainable development of their communities through policies approved by their members”.

THIRD SCHEDULE

CRITERIA FOR DETERMINING WHETHER A PERSON IS A FIT AND PROPER PERSON TO MANAGE,

CONTROL, BECOME A DIRECTOR OR SUBSTANTIAL MEMBER IN A SAVINGS AND CREDIT COOPERATIVE SOCIETY

1. In order to determine, for the purposes of this Act, the professional and moral suitability of persons proposed to manage or control a savings and credit cooperative society, to become a substantial shareholder, or director, the registrar, shall have regard to the following qualities, in so far as they are reasonably determinable, in respect of the person concerned—

- (a) his or her general probity;
- (b) his or her competence and soundness of judgement for the fulfilment of the responsibilities of the office in question;
- (c) the diligence with which the person concerned is fulfilling or likely to fulfil those responsibilities; and
- (d) whether the interests of depositors or potential depositors of the institution are, or are likely to be in any way threatened by his or her holding that position.

2. For the purposes of and without prejudice to the general effect of paragraph (1), the registrar may have regard to the previous conduct and activities of the person concerned in business or financial matters and, in particular, to any evidence that the person—

- (a) has been convicted of the offence of fraud or any other offence of which dishonesty or violence is an element;
- (b) has contravened any law designed for the protection of members of the public against financial loss due to the dishonesty or incompetence of, or malpractice by, persons engaged in the provision of banking, insurance, investment or other financial services or the management of companies or against financial loss due to the conduct of a discharged or undischarged bankrupt;

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- (d) has taken part in any business practice that in the opinion of the registrar, was deceitful or oppressive, fraudulent, prejudicial or otherwise improper whether unlawful or not, or which otherwise reflect discredit on his or her method of conducting business;
- (e) has engaged or taken part in or been associated with any other business practices or otherwise conducted himself or herself in such manner as to cause doubt on his or her competence and soundness of judgement;
- (f) has defaulted on a loan or credit accommodation or a company in which he or she is a director has defaulted on a loan or credit accommodation.

3. The registrar may request any person to furnish such additional information as may be necessary in determining the professional or moral suitability of that person.



THE REPUBLIC OF UGANDA

This printed impression has been carefully compared by me with the bill which was passed by Parliament and found by me to be a true copy of the bill.

[Handwritten signature]

.....
Clerk to Parliament

Date of authentication: 22nd/10/2019