STATUTORY INSTRUMENTS
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STATUTORY INSTRUMENTS

2023 No. 10.

THE UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY (INVESTMENT OF SCHEME FUNDS) (AMENDMENT) REGULATIONS, 2023

ARRANGEMENT OF REGULATIONS

STATUTORY INSTRUMENTS

2023 No. 10.

The Uganda Retirement Benefits Regulatory Authority (Investment of Scheme Funds) (Amendment) Regulations, 2023

(Under sections 67, 68(1) (g) and 91(1), (2) (g) of the Uganda Retirement Benefits Regulatory Authority Act 2011, Act No.15 of 2011)

IN EXERCISE of the powers conferred on the Minister by sections 67, 68 (1) (g) and 91(1), (2) (g) of the Uganda Retirement Benefits Regulatory Authority Act, 2011, and in consultation with the Board, these Regulations are made this 11th day of November, 2022.

1. Title

These Regulations may be cited as the Uganda Retirement Benefits Regulatory Authority (Investment of Scheme Funds) (Amendment) Regulations, 2023.

2. Amendment of regulation 2 of S.I. No. 44 of 2014

Regulation 2 of the Uganda Retirement Benefits Regulatory Authority (Investment of Scheme Funds) Regulations, 2014, in these Regulations referred to as the principal Regulations, is amended by inserting, in the right alphabetical order, the following new definition—

"financial analyst" means a person who holds either of the following qualifications—

(a) Chartered Financial Analyst certification;

(b) Certified Public Accountant;

(c) Chartered Alternative Investment Analyst;

(d) Certified Financial Planner;

(e) Financial Risk Manager;

(f) Financial Modeling and Valuation Analyst Certification; or

(g) a Master's Degree in Finance or Investment Analysis."

3. Amendment of regulation 6 of principal Regulations
Regulation 6 of the principal Regulations is amended—

(a) by renumbering the existing regulation as subregulation 6(1); and

(b) by inserting immediately after subregulation (1), the following—

"(2) A fund manager who prepares or reviews an investment policy statement of a scheme shall not be involved in its implementation."

4. Amendment of regulation 8 of principal Regulations
Regulation 8 of the principal Regulations is amended by inserting immediately after subregulation (3), the following—

"(4) All funds of the scheme shall be invested in the name of the scheme."

5. Amendment of regulation 9 of principal Regulations
Regulation 9 of the principal Regulations is amended by repealing subregulation (4).

6. Insertion of regulations 9A and 9B in principal Regulations
The principal Regulations are amended by inserting immediately after regulation 9, the following—

"9A. Investment in collective investment scheme
"(1) The funds and assets of a retirement benefits scheme may be invested in a collective investment scheme or a pooled fund.

(2) Where a retirement benefits scheme chooses to invest in a collective investment scheme or a pooled fund, the asset allocation of that retirement benefits scheme shall comply with the asset classes prescribed in Schedule 2 of these Regulations.

9B. Self-investments

(1) Where a fund manager has an interest in an investment product or a transaction, the fund manager shall not exercise the investment decision in relation to that investment, product or transaction unless the fund manager has made a full disclosure of the following to the trustees—

(a) the fund manager's interest or relationship in the investment, product or transaction;

(b) the risks associated with investing in the product;

(c) the justifications or basis for the investment decision taken in that particular investment, product or transaction;

(d) the costs associated with the investment, product or transaction; and

(e) any other information as may be required by the trustees.

(2) Where a fund manager makes a self-investment, the fund manager shall not include the costs of the self-investment when determining the fees payable by a retirement benefits scheme in respect of the investment.

(3) A fund manager shall not invest more than 30% of the scheme's assets under management in a self-investment.

(4) For the purposes of this regulation, "self -investment" means the investment in a product sponsored by the scheme's fund manager or a product in which the fund manager has an interest."

7. Amendment of regulation 15 of principal Regulations

Regulation 15 of the principal Regulations is amended by inserting immediately after the words "value of the scheme's assets" the words "under management".

8. Insertion of regulation 16A in principal Regulations

The principal Regulations are amended by inserting immediately after regulation 16, the following—

"**16A. Methodologies for investment reporting**

For the purposes of investment reporting, the fund manager shall value—

(a) the bonds at amortization using clean pricing methodology;

(b) the deposits and bills at amortization methodology; and

(c) the equities at fair value methodology."

9. Substitution of regulation 19 of principal Regulations

The principal Regulations are amended by substituting for regulation 19, the following—

"19. Remedial measures and administrative sanctions

(1) Where after inspection the Authority determines that a scheme is not in compliance with these Regulations, the Authority may direct the trustees and the fund manager to ensure immediate compliance with these Regulations and to submit reports on the remedial action taken.

(2) In addition to the remedial measures referred to in subregulation (1), the Authority may impose administrative sanctions on the trustees or fund manager of a scheme that is not in compliance with these Regulations.

(3) The administrative sanctions referred to under subregulation (2) shall include—

(a) caution for a first-time offender;

(b) cash penalties for a continuing offender;

(c) suspension of the licence of the offender;

(d) revocation of the licence of the offender;

(e) prohibition of the scheme from admitting new members; or

(f) declaration that a trustee or fund manager of a scheme is not fit and proper person for purposes of the Act.

(4) The cash penalties referred to in subregulation (3)(b) include—

(a) a fine not exceeding seventy five currency points in the case of a contravention;

(b) in the case of a continuing contravention, an additional penalty not exceeding fifty currency points in respect of every day on which the contravention continues; or

(c) a penalty not exceeding one hundred and fifty currency points in respect of a second or subsequent contravention."

10. Amendment of Schedule 2 of principal Regulations

Schedule 2 of the principal Regulations is amended—

(a) in item 2 by substituting the year "2003" with the year "2004";

(b) in item 3, by substituting for item 3, the following—

"3. Commercial paper, corporate bonds, mortgage bonds and asset backed securities and collective investment schemes (Money Market Fund and Securities Fund other than Equity Fund) approved by the Capital Markets Authority or similar institution in East Africa";

(c) in item 4, by substituting for item 4, the following—

"4. Government Securities in the East Africa and Bond Funds approved by the Capital Markets Authority or similar institution in East Africa";

(d) in item 5, by substituting for item 5, the following—

"5. Shares of companies quoted in a stock exchange in East Africa and Collective Investment Schemes (Equity Securities fund) approved by the Capital Markets Authority or a similar institution in East Africa"; and

(e) in item 6, by inserting immediately after the words "Capital Markets Authority" the words "or similar institution in East Africa."

MATIA KASAIJA,
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