



THE REPUBLIC OF UGANDA

**THE TIER 4 MICROFINANCE AND
MONEYLENDERS (SACCO)
REGULATIONS, 2020**

Statutory Instrument No. 51

STATUTORY INSTRUMENTS SUPPLEMENT

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S T A T U T O R Y I N S T R U M E N T S

2020 No. 51

THE TIER 4 MICROFINANCE AND MONEY LENDERS (SACCO)
REGULATIONS, 2020

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STATUTORY INSTRUMENTS

2020 No. 51.

Tier 4 Microfinance and Money Lenders (SACCO) Regulations, 2020

*(Under section 112 of the Tier 4 Microfinance and Money Lenders
Act, 2016)*

IN EXERCISE of the powers conferred on the Minister by section 112 of the Tier 4 Microfinance and Money Lenders Act, 2016, Act 18 of 2016 these Regulations are made this 20th day of January, 2020.

PART I—PRELIMINARY

1. Title.

These Regulations may be cited as the Tier 4 Microfinance and Money Lenders (SACCO) Regulations, 2020.

2. Interpretation

In these Regulations unless, the context otherwise requires –

“Act” means the Tier 4 Microfinance Institutions and Moneylenders Act, 2016;

“allowance for loan loss” means an amount set aside in a statement of financial position so that the true value of the loan portfolio is fairly stated;

“Authority” means the the Uganda Microfinance Regulatory Authority established by section 6 of the Act;

“Committee” means the governing body of a SACCO to which the management of the affairs of a SACCO is entrusted and includes a board of directors of a SACCO;

“core capital” means shareholders’ equity in the form of issued and fully paid up shares including retained earnings approved by the Authority;

“delinquent loan” means any loan which the principal or interest remain unpaid after the due date;

“equity” means shares, reserves, retained surplus, donations and general reserves;

“foreclosed assets” means real estate and assets of material value which are transferred to the SACCO as a result of non-repayment of a loan;

“institutional capital” means a sum of funds within the SACCO over which no person or entity has a legal claim, and consists of permanent and non-withdrawable member share capital, unimpaired reserves, retained earnings, capital grants and donations;

“quarter” means the three months ending March, June, September and December respectively;

“SACCO” means a registered society licensed under section 40 of the Act;

“unsafe business practice” means a practice which is detrimental to the best interest of the members of the SACCO, the public or the survival of the SACCO.

PART II—LICENSING

3. Application for licensing

(1) A SACCO shall not carry out the business of financial services without a license issued by the Authority.

(2) An application for a licence to conduct business of financial services as a SACCO shall be made to the Authority in Form 1A prescribed in Schedule 1.

(3) An application shall be accompanied by the requirements specified in section 38(2) of the Act.

4. Consideration of application

(1) The Authority shall consider an application and make a decision within three months after receipt of the application.

(2) The Authority shall consider an application in accordance with section 39(4) of the Act and shall, for purposes of ascertaining whether the SACCO shall be operated responsibly by persons who are fit and proper, require those persons to fill a fit and proper questionnaire set out in the Schedule 2.

(3) The Authority may require the applicant to submit additional information where it deems it necessary.

(4) The Authority may carry out an on-site inspection of the premises of the applicant in order to ascertain whether the applicant has appropriate institutional infrastructure for conducting business of financial services as a SACCO.

5. Rejection of application

(1) The Authority may reject an application for a licence on the following grounds—

- (a) failure to submit all the required documents;
- (b) submission of misleading information;
- (c) submission of forged or fraudulent information;
- (d) inadequacy of the required capital; or
- (e) economic non-viability of the business plan;

(2) A decision to reject an application for a licence shall be communicated to the applicant by the Authority in writing, with reasons, to the applicant within three months of the receipt of a complete application.

(3) An applicant may resubmit an application for a SACCO licence at any time if the reason for rejecting the application is addressed.

6. Grant of licence

(1) Where the Authority is satisfied that the applicant meets the requirements to operate as a SACCO, the Authority shall issue a notice to the applicant requiring the applicant to pay licence fees prescribed in Schedule 3 prior to issuance of a licence.

(2) The Authority shall grant a licence to the applicant in Form 1B of the Schedule 1, upon payment of the licence fees.

(3) A licence shall, unless revoked by the Authority, be valid up to 31st December of the year in which it is issued.

(4) A licence is not transferable or assignable to any other entity.

7. Publication

The Authority shall publish the list of licensed SACCOs in the Gazette and in at least one newspaper of nation wide circulation at the beginning of each year in any case, not later than 30th June.

8. Renewal of licence

(1) A SACCO may apply for renewal of a license at least ninety days before the expiry of the licence.

(2) In considering the application in sub regulation (1), the Authority shall consider—

- (a) compliance with the requirement to hold Annual General Meetings;

- (b) compliance with other governance requirements under the Act;
- (c) compliance with reporting requirements under the Act;
- (d) any other matter which the Authority may deem fit.

(2) The Authority shall communicate to the applicant its decision on the application for renewal at any time before the expiry of the licence.

9. Revocation of licence

(1) Where the Authority intends to revoke a licence under section 44 of the Act, the Authority shall issue to the licensee a notice of intention to revoke a licence, in form 1C of Schedule 1.

(2) The licensee shall within 14 days after receiving a notice referred to in subregulation (1), show cause in writing to the Authority why the licence should not be revoked.

(3) The Authority shall examine the reasons in sub regulation (2) and—

- (a) where the Authority is satisfied with the explanation, the Authority shall, in writing withdraw the notice referred to in sub regulation (1); or
- (b) where the Authority is not satisfied with the written explanation referred to in subregulation (2), the Authority shall invite the licensee for an oral interview within five days after receiving the explanations referred to in subregulation (2).

(4) Where the Authority is not satisfied with the explanation after an oral interview with the licensee, the Authority shall—

- (a) issue a notice of revocation to the licensee;
- (b) require the licensee to deliver to the Authority the licence;

(c) endorse in the licence the words “REVOKED”; and

(d) publish a notice of revocation in a gazette and in at least one newspaper of nationwide circulation within ninety days after endorsing the words “REVOKED” on the licence.

(5) The notice of revocation shall be in the form 1D prescribed in Schedule 1.

10. Suspension of licence

(1) The Authority may, after satisfying itself in accordance with regulation 9, suspend a licence instead of revoking that licence.

(2) The suspension of a licence shall be for a specified period or until the occurrence of a specified event or until specified conditions are complied with.

(3) A person whose licence is suspended shall be taken not to be licensed unless the Authority revokes the suspension.

(4) A notice of suspension of licence shall be in form 1E prescribed in Schedule 1.

11. Revocation of suspension of licence

(1) A person whose licence was suspended may apply to the Authority in writing for revocation of the suspension.

(2) The Application shall state the grounds on which they seek the suspension to be revoked, stating clearly the remedies for the reasons that led to suspension.

(3) Where the Authority is satisfied with the reasons furnished in subregulation (2), the Authority shall revoke the suspension in writing.

12. Display of information

A SACCO shall display, in a conspicuous place of business—

- (a) the licence;
- (b) information on the rights and responsibilities of members; and
- (c) a list of products and services offered by the SACCO;

13. Register

The Authority shall maintain a register of SACCOs and shall enter into the Register the following information—

- (a) name of SACCO, registration and licence numbers;
- (b) physical and postal address of the SACCO;
- (c) date of issue of licence and conditions, if any;
- (d) type of SACCO;
- (e) committee members and their respective National Identification numbers;
- (f) gender disaggregated data on the number of members;
- (g) name of auditors;
- (h) location of head office;
- (i) number of branches held by the licensee; and
- (j) capital, total assets and total deposits.

PART III—REGULATION AND SUPERVISION

14. Reports of SACCOs

(1) The Authority may require a SACCO to furnish any reports it may deem necessary and in such a form as the Authority may prescribe.

(2) In examining the reports in sub regulation (1), the Authority shall consider—

- (a) compliance with capital adequacy requirements;
- (b) the composition of assets, liabilities and equity accounts;

- (c) the quality of earning assets;
- (d) financial, operational and business risks; and
- (e) any other matter which the Authority may deem fit.

(3) If the Authority is not satisfied with the reports, the Authority may—

- (a) request for additional information from the SACCO;
- (b) make an on-site inspection; or
- (c) request for and inspect books, accounts and other records of the SACCO.

(4) The Authority shall after every inspection, compile a report which shall highlight the performance of a SACCO.

(5) Where the Authority finds that a SACCO is operating in contravention of the Act or these Regulations, the report under sub regulation (4), shall specify—

- (a) the contravention of the Act or these Regulations;
- (b) the contravention of a condition of a licence;
- (c) any irregularity in the manner of conduct of the business of the SACCO; and
- (d) any remedial action.

(6) The Authority shall serve on the SACCO the report compiled under subregulation (4) and the SACCO shall present a report on the corrective actions to the Authority within 30 days after receiving the report.

15. Confidentiality

(1) The Authority shall keep confidential all information obtained in the course of regulating and supervising a SACCO.

(2) The information obtained shall be used solely for the purpose of regulating and supervising the SACCO in accordance with the Act and these Regulations.

16. Notice to cease and desist

(1) Where the Authority is satisfied that a SACCO is engaging in unsafe business practices, the Authority shall issue to that SACCO a notice to cease and desist from engaging in any such business practice.

(2) The notice shall state the specific business practice that shall be ceased, the person to desist from engaging in that practice and the time period within which the notice is to be complied with.

(3) Where the unsafe business practices have resulted into financial loss, the Authority shall require the SACCO to take the necessary remedial actions to restore the SACCO to its original position.

(4) Where a SACCO fails to comply with a notice under sub regulation (1), the Authority may take over management of a SACCO or impose administrative sanctions as the Authority may deem appropriate.

17. Administrative sanctions

(1) The Authority may, in addition to any other sanction for non compliance with the Act or these Regulations prescribed in the Act or these Regulations, impose an administrative sanction against a SACCO.

(2) For purposes of sub regulation (1), administrative sanctions include—

- (a) prohibition from declaring or paying dividends;
- (b) prohibition from expanding existing activities or engaging in new activities;
- (c) suspension of lending, investment and credit extension operations;

- (d) prohibition from acquiring, through purchase or lease, additional property and equipment;
- (e) prohibition from accepting further deposits or other lines of credit;
- (f) prohibition from declaring or paying bonuses, salary incentives, severance packages, management fees or reimbursement of expenses to committee members or officers; and
- (g) removal of committee members or employees of the SACCO from office.

(3) In deciding which administrative action to be taken, the Authority shall consider the following—

- (a) the financial condition of the SACCO;
- (b) the interests of the members;
- (c) the ability of the management and committee members to manage the SACCO effectively; and
- (d) the local and macro-economic conditions.

18. Officers of SACCO

(1) A person who—

- (a) has been convicted of an offence involving monetary loss, fraud, perjury, or causing financial loss;
- (b) is likely to pose a threat to the interest of members of a SACCO or threaten to impair public confidence in the SACCO,

shall not hold office as a member of the committee or employee of a SACCO.

(2) A person who is removed from office in a SACCO as a result of disciplinary action shall be ineligible to hold office in any SACCO for a period of at least three years.

(3) The Authority may direct a SACCO to remove an officer from office, if the officer—

- (a) directly or indirectly violates the Act or these Regulations;
- (b) engages or participates in any unsafe business practice in connection with the SACCO;
- (c) has a non performing loan or becomes a bad debtor; and
- (d) commits a breach of fiduciary responsibility, resulting in or likely to result in—
 - (i) a SACCO suffering financial loss or other damage;
 - (ii) prejudice to the interests of the members; or
 - (iii) any party receiving unfair financial gain or other benefit.

19. Take over

(1) Where the Authority intends to take over management of a SACCO under section 33 of the Act, the Authority shall issue a notice of intention to take over the management of the SACCO.

(2) For purposes of section 33 (a) of the Act, a SACCO shall be deemed to operate under unsound financial conditions if—

- (a) the SACCO is unable to meet its obligations to members and creditors; or
- (b) the institutional capital of the SACCO is less than two percent of total assets and on a declining trend.

(3) The SACCO shall within 14 days after receiving a notice referred to in subregulation (1) show cause in writing to the Authority why the Authority should not takeover the management of the SACCO.

(4) The Authority shall examine the reasons in sub regulation (2) and—

- (a) where the Authority is satisfied with the explanation, the Authority shall, in writing withdraw the notice referred to in sub regulation (1); or

- (b) where the Authority is not satisfied with the written explanation referred to in subregulation (2), the Authority shall invite the licensee for an oral interface within five days after receiving the explanations referred to in subregulation (2).

(5) Where the Authority is not satisfied with the explanation after an oral interview with the licensee, the Authority shall takeover the management of the SACCO.

20. Effect of takeover

(1) The Authority shall, on taking over management of a SACCO have exclusive powers of management and control of the affairs of the SACCO.

(2) The Authority may in exercising control and management of a SACCO—

- (a) continue or discontinue any of the operations of a SACCO notwithstanding the revocation of the licence of the SACCO;
- (b) stop or limit the payment of the obligations of the SACCO;
- (c) employ any necessary staff;
- (d) execute any instrument in the name of the SACCO;
- (e) reorganize or liquidate the SACCO in accordance with the Act;
- (f) cancel any leases or tenancy agreements entered into by the SACCO as lessee or tenant; or
- (g) appoint an advisory board of directors.

(3) The Authority shall as soon as possible after taking over management of a SACCO, appoint an auditor to make an inventory of the assets and liabilities of the SACCO and submit a report to the Authority.

(4) The Authority shall upon taking over management of a SACCO immediately inform the public by notice in a newspaper of nation wide circulation.

(5) The Authority shall exercise management over a SACCO for the minimum time necessary to bring the SACCO into compliance with prudential standards and sound financial practices.

(6) Where the SACCO does not comply with prudential standards within six months after takeover, the Authority shall close the SACCO and place it under receivership or liquidation as the case may be.

PART IV—GOVERNANCE

21. Member responsibility

(1) The members of the SACCO shall exercise authority and control over the SACCO through resolutions passed at the Annual or Extraordinary General Meeting.

(2) The members of a SACCO shall elect a committee which shall be responsible for the management of the SACCO.

22. Committee of SACCO

(1) A committee shall be responsible for—

- (a) maintaining proper and accurate records that reflect the true and fair position of the financial condition of a SACCO;
- (b) establishing and maintaining an effective and adequate internal control system;
- (c) establishing appropriate policies including—
 - (i) human resource policy;
 - (ii) audit policy;
 - (iii) credit policy;

- (iv) investment policy;
- (v) savings policy;
- (vi) liquidity policy;
- (vii) information preservation policy;
- (viii) dividend policy; and
- (ix) risk management policy;
- (d) making adequate provisions for known and probable losses likely to occur; and
- (e) maintaining a positive image within the industry.

(2) A person shall not be a member of a committee in more than one SACCO.

23. Prohibited activities

(1) A SACCO shall not engage in the following activities—

- (a) foreign trade operations;
- (b) trust operations;
- (c) investing capital beyond the prescribed limit;
- (d) purchasing or otherwise acquiring any land or buildings except as may be reasonably necessary for the purpose of conducting the SACCO business;
- (e) transacting SACCO business with non members; and
- (f) such other activity as the Authority may prescribe.

(2) A member of the committee who contravenes this regulation commits an offence and is liable on conviction to a fine not exceeding forty eight currency points or to imprisonment for a term not exceeding two years or both.

24. Opening a branch or outlet

(1) A SACCO shall not open a branch or operate an outlet without the prior written approval of the Authority.

(2) The Authority shall before issuing an approval—

- (a) undertake the inspection of the branch or outlet premises;
- (b) examine compliance of the head office with the Act and these Regulations and any other standards prescribed by the Authority;
- (c) examine the readiness of the SACCO to commence operations; and
- (d) request and consider the Annual or Extraordinary General Meeting resolution for the opening of a branch or operating an outlet

(3) The Authority shall, if satisfied that all requirements have been fulfilled, grant approval.

25. Relocating of place of business

(1) A SACCO shall not, without the written approval of the Authority relocate to a new place of business.

(2) An application for an approval to relocate to a place of business shall be made to the Authority in writing and shall specify —

- (a) the reasons given for the change of location;
- (b) the plan for settlement or transfer of claims and liabilities; and
- (c) the particulars of the new place of business.

(3) Where the Authority is satisfied that the applicant is fit to relocate to a new place of business, the Authority shall grant an approval for relocation to a new place of business.

26. Closing place of business

(1) A SACCO shall not without the written approval of the Authority permanently close a place of business.

(2) An application to close a place of business shall be made to the Authority and shall state—

- (a) the reasons for such closure;
- (b) the extent to which the interests of members and the public are secured; and
- (c) a plan for settlement or transfer of assets and liabilities.

(4) The Authority shall consider the application for permanent closure of a place of business and if satisfied, may grant approval.

(5) A SACCO granted approval to close its business shall—

- (a) give a notice of the intended closure to the members, at least ninety days prior to the closure, in at least one newspaper of nationwide circulation or through any other method acceptable to the Authority; and
- (b) report the closure to the Authority not later than fourteen days after closure.

(6) A person who contravenes this regulation commits an offence and is liable on conviction to a fine not exceeding forty eight currency points or to imprisonment for a term not exceeding two years or both.

PART V—EQUITY

27. Minimum equity requirements

(1) The Authority shall establish the norms for capital structure, the principles of formation, and the usage of capital.

(2) A SACCO shall at all times maintain a core capital of not less than 10 % of total assets.

(3) The Authority may, in addition to the minimum equity ratios in sub regulation (2) prescribe any other amount of equity ratio of a SACCO as the Authority deems appropriate depending on the circumstances of that SACCO.

(4) For purposes of sub regulation (3), the Authority shall consider whether a SACCO has—

- (a) incurred losses resulting in a capital deficiency;
- (b) a significant exposure to risk;
- (c) a high or severe volume of poor quality assets; or
- (d) experienced rapid growth without adequate capitalization and a risk management system.

28. Equity returns

(1) A SACCO shall, not later than the 15th day of the month following the month to which the return applies, submit to the Authority a quarterly return on equity.

(2) A SACCO that fails to comply with the requirements of this regulation shall be liable to the administrative sanctions referred to in regulation 17.

PART VI—LIQUIDITY AND ASSET LIABILITY MANAGEMENT

29. Liquidity and asset liability management

(1) The Committee of a SACCO shall be responsible for formulating, reviewing and adjusting the liquidity policy of the SACCO on an annual basis.

(2) The liquidity policy referred to in sub regulation (1) shall contain principles for managing liquidity which shall include—

- (a) monitoring of liquidity;
- (b) minimum and maximum levels for total cash assets;
- (c) cash holding limit;
- (d) process or methods of monitoring asset and liquidity management; and
- (e) frequency for analysing the asset and liquidity positions.

(3) A SACCO shall maintain at least fifteen per cent of its savings deposits and short term liabilities in liquid assets.

(4) The liquidity ratio calculation shall be liquid assets as prescribed under section 46(2) of the Act less the liabilities due in not more than thirty days divided by total savings deposits.

(5) A SACCO shall calculate the liquidity ratio on a weekly basis using the closing balances of the last working day of the week.

(6) For the purposes of this regulation, liquid assets include—

- (a) notes and coins;
- (b) balances held at institutions licensed under the Financial Institutions Act, 2004, or the Microfinance Deposit-Taking Institutions Act, 2003 after deducting the balances owing to those institutions;
- (c) treasury bills;
- (d) deposits held at other SACCOs of a maturity not exceeding ninety days after deducting the balances owed to those SACCOs; and
- (e) such other liquid assets as the Authority may specify.

30. Liquidity statement return

(1) A SACCO shall submit to the Authority a liquidity statement return at the end of every month in any case not later than the fifteenth day of the following month.

(2) The Authority may require such other information necessary to evaluate compliance with liquidity requirements.

(3) A SACCO that fails to comply with the liquidity requirements shall be liable to the administrative sanctions referred to in regulation 17.

31. Contingency

(1) The Committee of a SACCO shall establish a contingency plan to facilitate any liquidity crisis which may arise.

(2) The contingency plan shall include procedures for making up liquidity shortfalls in emergency situations and a backup liquidity strategy for circumstances in which the normal approach to funding operations is disrupted.

PART VII—SHARES, DEPOSITS AND SAVINGS

32. Terms of member shares

(1) A SACCO shall prescribe a minimum number of shares at a per value for which an individual shall subscribe to become a member.

(2) A member shall not pledge shares as collateral or security for a loan granted by the SACCO.

(3) A member may transfer shares to another member on leaving membership of a SACCO, but the SACCO shall not refund shares to the leaving member.

(4) A SACCO shall pay dividends to its members at the end of a financial year if the SACCO realises net surplus in that financial year in accordance with the dividend policy of a SACCO.

(5) A SACCO shall not pay dividends unless it has complied with regulation 27 and any other requirements that the Authority may impose.

33. Record keeping

(1) A SACCO shall maintain for not less than ten years, an account for each of its members through which shares and savings transactions of the member were recorded.

(2) The savings account shall bear—

- (a) a receipt or statement that clearly states the name of the member;
- (b) the certificate and account number of the member;
- (c) the date on which the savings are deposited;
- (d) the amount of the savings deposited;
- (e) the maturity of the savings;
- (f) the interest rate, and dates on which interest was paid; and
- (g) penalties for early withdrawal, if any.

34. Savings disclosure requirements.

(1) Notwithstanding the generality of subregulation (1) a SACCO shall disclose to its members the terms and conditions for operating an account.

(2) A SACCO shall disclose to its members—

- (a) the minimum per value of a share required to be a member for purposes of maintaining a savings account;
- (b) the minimum interest bearing balance;
- (c) the interest rate and fees applicable;
- (d) the penalty for early withdrawal, if any; and
- (e) the maturity of a savings account.

(3) In case of a joint or institutional account, a disclosure made to one of the account holders shall be deemed to be made to the account holders.

(4) A SACCO shall provide savings services as prescribed under section 49 of the Act.

(5) A SACCO shall submit to the Authority a statement of savings return on its withdrawable and non-withdrawable savings at the end of every month in any case not later than the fifteenth day of the following month.

35. Dormant accounts

(1) A member of a SACCO whose unclaimed balances have been transferred to the Authority may in accordance with section 53 of the Act make a request in writing to the Authority within one year of transfer of unclaimed balances.

(2) The Authority shall within sixty days after receipt of the request conduct a due diligence on the request and communicate its decision to the claimant.

PART VIII—CREDIT MANAGEMENT

36. General lending requirements

(1) A SACCO shall have a credit policy which shall contain information on—

- (a) loan requirements, procedures and documentation;
- (b) permissible loan purposes and acceptable types of collateral;
- (c) loan concentration limits;
- (d) loan types, method of calculating interest, frequency of payments and conditions;
- (e) maximum loan amount per product;
- (f) where collateral is used as security for borrowing, maximum loan amounts as a percentage of the value of the collateral;
- (g) appraisal of the ability of the borrower to repay the loan;
- (h) terms and conditions for insider lending;
- (i) maximum loan approval levels for each officer and members of the committee; and
- (j) requirements of the guarantor.

(2) A SACCO shall disclose to its members the general lending requirements specified in sub regulation (1).

(3) A member may repay a credit facility prior to its maturity in whole or in part on any business day without being charged full-term interest.

(4) A SACCO shall provide a written notice to every member affected by a change in any term disclosed in the loan contract within thirty days after the change.

(5) A SACCO shall provide to borrowers, on request, a statement for each transaction made during the period.

(6) The interest recoverable from a debtor with respect to a delinquent loan shall not exceed the amount owing when the loan became delinquent.

37. External borrowing and limits on loans

(1) A SACCO may acquire external borrowings on the following terms—

- (a) external borrowings of a SACCO shall not exceed twenty five per cent of its total assets unless the limit has been waived by the Authority;
- (b) the committee of a SACCO shall approve the borrowing from or lending to other SACCOs; and
- (c) the terms and conditions for borrowing or lending are contained in a written agreement signed by the SACCOs that are parties to the agreement.

(2) Where the SACCO intends to borrow in excess of the limits prescribed in sub regulation (1) (a), the SACCO shall apply to the Authority for a waiver.

(3) An application for a waiver shall contain reasons for raising the limit above twenty-five per cent.

(4) The Authority may grant the waiver if the borrowing in excess of the limit is not likely to have any adverse effect on the safety and soundness of the SACCO.

(6) For purposes of this regulation “external borrowing” means funds received in the form of a loan in respect of which a SACCO has entered into an agreement to repay.

38. Insider lending

(1) An officer of a SACCO shall not use that position to further his or her personal interest.

(2) All loans to members of the committee and employees shall be approved by the committee.

(3) Where an applicant is a member of the committee that member shall not be present in the meeting considering the loan application.

(4) The rates, terms and conditions of any loan made to a member of the committee, an officer, his or her immediate family member, or their business associates shall not be in any way more favourable than those offered to other SACCO members.

39. Foreclosed assets

(1) Where a SACCO holds an asset in satisfaction of a debt, the SACCO shall dispose of that asset within one year and after a written demand notice has been issued to the debtor requiring him or her to pay any outstanding monies on the money advanced.

(2) Where a SACCO fails to dispose of the asset as provided in sub regulation (1) the SACCO shall provide for probable loss at twenty five per cent per annum.

(3) Where the proceeds of sale of the asset exceed the amount owing from the member, the excess amount shall be returned to the member after accounting for advertising charges and any other charges related to the disposal of the asset.

(4) An asset received by the SACCO in fulfillment of a debt shall be accounted for at the lower of the outstanding loan balance or the market value on the date the asset is transferred to the foreclosed account.

(5) Any losses due to the loan balance being greater than the market value shall be charged to the allowance for loan losses when the asset is transferred to the foreclosed account.

(6) The SACCO shall keep and maintain records on disposal of property, and in particular—

- (a) evidence of the efforts by the Committee to dispose of the property within one year; and
- (b) any legitimate offers to buy the asset.

PART IX—RISK CLASSIFICATION OF ASSETS AND PROVISIONING

40. **Classification of loan portfolio**

(1) A SACCO shall classify its loan portfolio based on performance measured against the terms provided in the loan agreement.

(2) All loans shall be classified as—

- (a) performing credit facilities, being loans which are performing according to contractual terms; or
- (b) delinquent loans, classified as—
 - (i) watch loans, being loans whose principal or interest is due and has remained un-paid for one day to sixty days or where one installment is outstanding;
 - (ii) substandard loan, being loans whose principal or interest is due and has remained un-paid between sixty to ninety days or where two to six installments have remained outstanding;
 - (iii) doubtful loans, being loans whose principal or interest is due and has remained un-paid between ninety days to one hundred eighty days or where four to six installments have remained outstanding; or
 - (iv) loss loans, being loans whose principal or interest is due and has remained un-paid for more than one hundred eighty days or where more than six installments have remained outstanding.

(4) A loan may be reclassified if a sustained record of performance is maintained for six months or six installments from the date of the reclassification except that a loan shall not be reclassified more than twice in its life cycle.

41. Accrued interest

(1) All interest on non-performing loans and advances shall be suspended if a loan is classified as substandard, doubtful and loss and shall be taken into account in computing provisions for non-performing loan accounts.

(2) Accrued interest shall not exceed thirty days earnings of the entire loan portfolio.

42. Loan loss allowances

(1) A SACCO shall assess and provide for loan loss allowance for delinquent loans as follows—

- (a) one percent for a loan classified as performing;
- (b) five percent for a loan classified as watch;
- (c) twenty-five percent for a loan classified as substandard;
- (d) fifty percent for a loan classified as doubtful; and
- (e) one hundred percent for a loan classified as loss.

(2) A SACCO may provide for accounts deemed uncollectible at any time subject to the classification sequence for provisioning prescribed in subregulation (1).

43. Collateral against loan loss

(1) Where a SACCO obtains collateral, the SACCO shall ensure that the collateral is duly charged and adequately insured.

(2) A SACCO shall maintain an up to date register of all collaterals provided for securing loans.

44. Loan write-offs

(1) A SACCO shall write-off a loan or part of a loan from its statement of financial position—

- (a) when it loses control of the contractual rights over the loan;
- (b) when all or part of the loan is deemed uncollectible; or
- (c) where there is no realistic prospect of recovery.

(2) The circumstances specified in subregulation (1) shall be deemed to have arisen where—

- (a) a court has ruled against the SACCO;
- (b) all forms of securities or collateral have been called and realized but proceeds are not sufficient to offset the loan;
- (c) a SACCO is unable to collect the money owed or there is no collateral;
- (d) a borrower is declared bankrupt; or
- (e) efforts to collect the debt are abandoned for any other reason.

(3) A recovery made from any account previously written-off shall be recognized as income in the year it is recovered.

(4) The procedure for write-off shall be provided for in the credit policy of the SACCO.

45. Risk classification return

(1) A SACCO shall submit to the Authority a return on the risk classification of assets and provisioning at the end of every quarter before the 15th day of the following month.

(2) The return shall be in Form 1 set out in Schedule 4.

46. Subscription

(1) A SACCO shall pay to the SACCO Savings Protection Fund an annual premium zero point zero five percent (0.05 %) of the average annual savings of the SACCO.

(2) SACCOs which are amalgamated shall not be charged extra premium during the year of amalgamation.

(3) The Authority may suspend the licence of a SACCO which contravenes subregulation (1) until the SACCO complies with subregulation (1).

47. Compensation

(1) Where a member of a SACCO lodges a claim with the Authority in accordance with section 60 of the Act, the Authority shall verify and settle the claim within ninety days from the time of lodging the claim.

(2) The Authority shall upon settlement of a claim send a notice to the claimant through the last known address of the claimant.

(3) Where compensation remains unclaimed for a period of 5 years the Authority shall give notice to the member or nominee at the last known address, of its intention to close the account within ninety days and treat the unclaimed compensation as unclaimed balances under section 53 of the Act.

48. Investment of funds

(1) The investments of funds from the SACCO Savings Protection Fund under section 59 of the Act shall be held to maturity, and shall not be used for trading in securities for the purposes of making profit.

(2) An investment shall be recorded in a ledger detailing the type of investment, amount, interest rate and date of maturity.

49. Investment policy

(1) The Committee shall develop an investment policy which shall include—

- (a) the purpose and objectives of investment activities;
- (b) the types of investments that can be made;
- (c) the investment characteristics including issuer, maturity and interest rate;
- (d) the person who has authority to make investments and the extent of this authority;
- (e) investment diversification and risk management on investment;
- (f) the contingencies put in place to handle investments; and
- (i) necessary internal controls.

(2) The Investment Policy shall be approved by the members in an Annual or Extraordinary General Meeting.

50. Restrictions on investment

(1) A SACCO shall not invest in non-earning assets or property and equipment in excess of ten percent of total assets, unless the SACCO obtains a waiver from the Authority to that effect; except that the donated assets and foreclosed assets shall be excluded in arriving at this percentage.

(2) The request for a waiver under subregulation (1) shall be in writing and shall include—

- (a) a detailed investment appraisal showing the cost and justification for the investment, including how it will improve services to members; and

- (b) an analysis of expected impact on the profitability and capital adequacy requirements.

(3) A SACCO shall dispose of the investment in property acquired for future expansion, if the property remains unutilised for two years from the date of acquisition and unless the Authority grants an extension of time within which to dispose of the investment.

(4) A SACCO shall not make financial investments in non-government securities in excess of forty percent of its core capital or five percent of its total deposits liabilities.

(5) For the purposes of these Regulations, “financial investment” means investments in government securities, shares and stocks, in institutions licensed under the Financial Institutions Act, 2004, and the Microfinance Deposit-Taking Institutions Act, 2003.

(6) A SACCO shall not acquire, sell or lease premises, without the prior written approval of the Authority, to or from—

- (a) a member of the Committee, or an employee or immediate family member of the family of a Committee or employee; and
- (b) businesses in which any of the persons named in paragraph (a) is an officer or partner or has an interest of greater than ten percent in the entity or partnership.

(7) All transactions of a SACCO with business associates or family members not specifically prohibited shall be fully disclosed, conducted at arm’s length and in the best interest of the SACCO.

51. Quarterly returns on investments

A SACCO shall submit to the Authority a return on its investments at the end of every quarter before the 15th day of the following month as set out in Form 2 in Schedule 4.

PART XII - RETURNS

52. Submission of monthly returns

(1) A SACCO shall submit to the Authority monthly returns on capital adequacy and liquidity statement in forms 3 and 4 set out in Schedule 4 respectively.

(2) A return shall be submitted within 15 days of the end of the month to which each return applies.

(3) A SACCO which fails to submit a monthly return by the due date shall be liable to pay a penalty of twenty five currency points and ten currency points thereafter for each subsequent working day that the SACCO remains in default.

53. Submission of quarterly returns

(1) A SACCO shall submit to the Authority the following quarterly returns—

- (a) statement of financial position;
- (b) statement of comprehensive income;
- (c) risk classification of assets and the provisioning report;
- (d) investment return; and
- (e) other disclosures;

(2) The risk classification of assets and provisioning report, investment return, statement of financial position, statement of comprehensive income and other disclosures are set out in forms 1, 2, 5, 6 and 7 prescribed in the Schedule 4, respectively.

(3) A return shall be submitted within 15 days of the end of each quarter to which each return applies.

(4) A SACCO which fails to submit a quarterly return by the due date shall be liable to pay a penalty of twenty currency points and ten currency points thereafter for each subsequent working day that the SACCO remains in default.

54. Submission of annual returns

(1) A SACCO shall submit to the Authority an annual return prepared in line with International Financial Reporting Standards.

(2) The annual return shall contain—

- (a) audited statement of financial position;
- (b) audited statement of comprehensive income;
- (c) statement of responsibility of the committee members;
- (d) auditors opinion;
- (e) audited statistical information;
- (f) statement of cash flows;
- (g) statement of changes in equity;
- (h) disclosure of material amounts; and,
- (i) any other information as the Authority may deem fit.

(2) A return shall be submitted within five months of the end of the financial year to which each return relates.

(3) A SACCO which fails to submit an annual return by the due date shall be liable to pay a penalty of twenty currency points and ten currency points thereafter for each subsequent working day that the SACCO remains in default.

PART XIII—MISCELLANEOUS

55. Fees

The fees payable in respect of an application made under these Regulations are specified in Schedule 3.

56. Disclosure

A SACCO shall make disclosure to the Authority in a Form 7 prescribed in Schedule 4.

SCHEDULES

SCHEDULE 1

Regulation 3(2), 6(2), 9(1), 9(5) and 10(4)

FORM 1 A

THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY LENDERS ACT 2016

APPLICATION FOR A LICENCE

1. Name of proposed SACCO.....
2. Type of SACCO applied for, tick one
 - a) Employee SACCO
 - b) Community SACCO
 - c) Nationwide SACCO
 - d) Other, Specify.....
3. Physical address of the head office.....
.....
4. Postal Address.....
Email.....
Telephone number.....
5. Organisational structure and management of the registered society
.....
(attach copy)
6. Certificate of registration issued under the Cooperative Societies
Act:..... (attach copy)
7. Names of places of business in Uganda and start date and the number
of years each has been conducting business as a registered society
(where applicable)

S/N	Place of Business	Year of registration as registered society	No. of years in operation
1			
2			
3			
4			
5			
6			

8. Details of capital:

- (a) core capital.....
- (b) permanent and non-withdrawable member share capital
- (c) redeemable member share capital.....
- (d) institutional capital.....

9. (a) Provide the following for each of the members of the Committee

Name.....

Designation.....

Address.....

Other Directorship.....

Date of Appointment.....

(b) Provide the following for each of the Senior Management Officers—*(attach list indicating the following -)*

Name

Designation

Nationality

Age

Academic or Professional Qualifications & year obtained

Details of Previous Employment:

Date of appointment.

Position held & responsibilities

S/N	Place of Business	Year of registration as registered society	No. of years in operation
1			
2			
3			
4			
5			
6			

8. Details of capital:

- (a) core capital.....
- (b) permanent and non-withdrawable member share capital
- (c) redeemable member share capital.....
- (d) institutional capital.....

9. (a) Provide the following for each of the members of the Committee

Name.....

Designation.....

Address.....

Other Directorship.....

Date of Appointment.....

(b) Provide the following for each of the Senior Management Officers—(attach list indicating the following -)

Name

Designation

Nationality

Age

Academic or Professional Qualifications & year obtained

Details of Previous Employment:

Date of appointment.

Position held & responsibilities

10. Bankers (*if any*)

	<i>Name of Banker</i>	<i>Address</i>	<i>Details of Banking</i>
1			
2			
3			
4			
5			
6			

11. Investment Managers (*if any*)

	<i>Name of Investment Manager</i>	<i>Address</i>	<i>Details of Investment</i>
1			
2			
3			
4			
5			
6			

12. Auditors; (*if any*)

Provide details of the following

Name of Auditors.....

Date of Appointment.....

13. Does the registered society hold, or has it ever held any authority from a supervisory body to carry out any business activity in Uganda or elsewhere?

Yes

No

If yes, give particulars.....

If any such authority has been revoked, give particulars

.....

14. Has the registered society been put under receivership in the past or made any compromise or arrangement with it's creditors in the past or otherwise failed to satisfy creditors in full?

Yes

No

15. Is the registered society currently engaged or does it expect to be involved in any litigation which may have a material effect on the resources of the institution?

Yes

No

If yes, give particulars.....

16. Is the registered society engaged in any business relationship with any of it's officers or significant shareholders?

Yes

No

If yes, give the particulars.....

17. **FINANCIAL SERVICES**

(a) List and briefly describe current and envisaged financial products

	<i>Financial Product</i>	<i>Description</i>
1		
2		
3		
4		
5		
6		

Financial Product Description

(b) Describe the methodologies of delivering products and services

.....
.....
.....
.....

18. Please attach evidence of payment of application fees.

DECLARATION

We, the undersigned, being the members of the Committee, declare that to the best of our knowledge and belief, the information contained herein is complete and accurate.

Chairman.....(Name)

Signature.....Date.....

ChiefExecutiveOfficer.....(Name)

Signature.....Date.....

Note: This application form must be accompanied by all relevant documents and requirements prescribed in the Act and these Regulations.

FORM 1B

THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY LENDERS ACT, 2016

SACCO LICENCE

This licence is granted to _____ (name)
of _____ (address)
to conduct the business of financial services as a SACCO in Uganda for one
year beginning _____ and ending _____
(both dates inclusive).

This licence is issued subject to observance of the requirements of the Tier
4 Microfinance Institutions and Moneylenders Act, 2016, the Regulations
made under the Act and any other conditions as may be stipulated by the
Authority.

Dated thisday of, 20.....

.....
Chairperson of the Board

.....
*Secretary to the Board/
Executive Director*

FORM 1C

**THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY
LENDERS ACT, 2016**

NOTICE OF INTENTION TO REVOKE LICENCE

To

TAKE NOTICE that the Authority intends to revoke your licence for the following reasons:—

.....
.....
.....

TAKE FURTHER NOTICE that you may make your representations in writing to the Authority in regard to the said intention within the next fourteen days from the date of receipt of this notice which representations the Authority shall consider in accordance with the provisions of the Act, and the Regulations made under the Act before finally making its decision on the said intended revocation.

.....
Chairperson of the Board

.....
*Secretary to the Board/
Executive Director.*

FORM 1D

**THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY
LENDERS ACT, 2016**

NOTICE OF REVOCATION OF LICENCE

To

Following the notice of intention to revoke a license served on you on the
.....; day of 20..... and consequently, the
consideration of the presentations you made to the Authority.

TAKE NOTICE that the Authority hereby revokes the licence issued to you
on.....day of20.....; licence No.....for the following
reasons:—

.....
.....
.....

TAKE FURTHER NOTICE that you are to cease operations as a SACCO
with immediate effect.

.....
Chairperson of the Board

.....
*Secretary to the Board/
Executive Director*

FORM 1E

**THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY
LENDERS ACT, 2016**

NOTICE OF SUSPENSION OF LICENCE.

To

Following the notice of intention to revoke a license served on you on theday of, 20.... and consequently, the consideration of the presentations you made to the Authority,

TAKE NOTICE that the Authority hereby suspends the licence issued to you on.....day of, 20..... licence No. for the following reasons:.....

.....
.....
.....
.....
.....

TAKE FURTHER NOTICE that you are to cease operations as a SACCO with immediate effect until the reasons for suspension are addressed.

.....
Chairperson of the Board

.....
*Secretary to the Board/
Executive Director.*

SCHEDULE 2

Regulation 4

THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY LENDERS ACT, 2016

FIT & PROPER TEST

1. THE REGISTERED SOCIETY

- a) Name
- b) Certificate No: Date of Registration

2. PERSONAL INFORMATION

- a) Surname.....
Other names.....
- b) Previous names *(if any)* by which you have been known:
.....
.....
.....
- c) Year and Place of birth:
- d) National identification Card or Passport number and date of
issue
- f) Postal address:
- g) Previous postal addresses *(if any)*
.....
- h) Physical address
- j) Professional qualifications, experience and years
obtained*(if any)*
.....
.....

k) Name(s) of your bankers during the last 5 years.....

3. EMPLOYMENT OR BUSINESS RECORD

	<i>Name of employer or Business</i>	<i>Address</i>	<i>Period</i>	<i>Position held</i>	<i>Dates</i>		<i>Reasons for Leaving</i>
					<i>From</i>	<i>To</i>	
1							
2							
3							
4							
5							
6							

4. DESCRIPTION OF YOUR PAST AND CURRENT ACTIVITIES

4.1 SHAREHOLDING (DIRECTLY OWNED OR THROUGH NOMINEES)

	<i>Name of institution</i>	<i>Date of registration</i>	<i>Amount of shareholding</i>	<i>Past Shareholding</i>		<i>Remarks</i>
				<i>A</i>	<i>B</i>	
1						
2						
3						
4						
5						
6						

Keys:

A: Refers to date of closure or surrender of shares

B: Refers to reasons for closure or surrender

4.2 MANAGEMENT

	<i>Name of institution</i>	<i>Date of registration</i>	<i>Executive or Non Executive</i>	<i>Position held in the case of Executive</i>	<i>Past position in management</i> C D		<i>Remarks</i>
1							
2							
3							
4							
5							
6							

Keys

C: Refers to date of retirement

D: Refers to reasons for retirement or resignation

4.3 PROFESSIONAL BODIES

	<i>Name of Body</i>	<i>Member No.</i>	<i>Position</i>	<i>Retirement or resignation</i> E F		<i>Remarks</i>
1						
2						
3						
4						
5						
6						

Keys

E: Refers to date of retirement or resignation

F: Refers to reasons for retirement or resignation

4.4 SOCIAL CLUBS

	<i>Club Name</i>	<i>Member number</i>	<i>Position Held</i>	<i>Past membership</i> G H		<i>Remarks</i>
1						
2						
3						
4						
5						
6						

Keys

G: Refers to date of retirement or resignation

H: Refers to reasons for retirement or resignation

4.5. BORROWINGS

	<i>Name of borrower</i>	<i>Lending Institution</i>	<i>Type of facility</i>	<i>Date of offer</i>	<i>Security offered</i>	<i>Value of security</i>	<i>Current out standing balance</i>	<i>Remarks</i>
1								
2								
3								
4								
5								

5. QUESTIONNAIRE

- 5.1. Have you or has any entity with which you are associated as director, shareholder or manager, ever held or applied for a license or equivalent authorization to carry on any business activity in any country?

.....If so, give particulars
.....
.....
.....

- 5.2. Do you know whether any such application was rejected or any authorization revoked?

..... If so, give particulars.....
.....
.....

- 5.3. Have you at any time been convicted of any criminal offence in any jurisdiction?

.....If so, give particulars of the court in which you were convicted, the offence, the penalty imposed and the date of conviction.....
.....
.....

- 5.4. Have you, or any entity with which you have been involved, been censured or publicly criticized by any regulatory authority or any professional body in any country? *If so, give particulars*
.....
.....
.....
- 5.5. Have you, or has any entity with which you are involved or have been associated as a director, shareholder or manager, been the subject of an investigation, in any country..... *If so, give particulars*.....
.....
.....
.....
- 5.6. Have you ever been dismissed from any employment or been subject to disciplinary proceedings by your employer or barred from entry of any profession or occupation?.....
if so give particulars
.....
.....
- 5.6. Have you failed to satisfy any debt adjudged due and payable by you on an order of court, or have you made any arrangement with your creditors within the last 10 years?
If so, give particulars.....
.....
- 5.7. Have you ever been declared bankrupt by a court or has a bankruptcy petition ever been served on you?
If so, give particulars
.....
- 5.8. Have you ever been held liable by a court, for any fraud or other misconduct?.....

If so, give particulars

.....

.....

.....

- 5.9. Has any entity with which you were associated as a director, shareholder or manager in any country made any arrangement with its creditors, been wound up or otherwise ceased business either while you were associated with it or within one year after you ceased to be associated with it? If so, give particulars

.....

.....

.....

.....

- 5.10. Indicate the names, addresses, telephone numbers and positions of three individuals of good standing who would be able to provide a reference on your personal and professional integrity. The referees must not be related to you, and should have known you for at least five years.

(i).

.....

(ii).

.....

(iii).

.....

- 5.11. Is there any additional information which you consider relevant for the consideration of your suitability or otherwise for the position(s) held or to be held?..... if so give particulars

.....

.....

.....

.....

NOTE: The information given in response to this questionnaire shall be kept confidential by the Authority, except in cases provided for by law. The omission of material facts may represent the provision of misleading information.

6. DECLARATION

I am aware that it is an offence to knowingly or recklessly provide any information, which is false or misleading in connection with an application for a license to carry out the SACCO business in Uganda.

I certify that the information given above is complete and accurate to the best of my knowledge, and that there are no other facts relevant to this application of which the Authority should be aware.

I undertake to inform the Authority of any changes material to the applications which may arise while the application is under consideration.

Further, I confirm that I have agreed to fulfill the responsibilities related to this position.

Name:

Signed:

Dated atthis..... day of20.....

SCHEDULE 3

regulation 3(2), 57

FEES

TABLE OF FEES

<i>Item</i>	<i>Matter</i>	<i>FEE (Uganda Shillings)</i>
1	Application for a licence	50,000/=
2	Licence or Renewal licence	300,000/=
3	Branch Licence	Nil

SCHEDULE 4

Regulation 52 (1), 53 (2) and 56

FORM 1

THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY LENDERS ACT, 2016

RISK CLASSIFICATION OF ASSETS AND PROVISIONING

Name of a SACCO					CS No.....
Financial year:					
Start Date:					
End date					
PORTFOLIO AGEING REPORT					
No.	Classification	No. of A/Cs	Outstanding Loan Portfolio (UGSH)	Required Provision	Required Provision Amount (UGSh)
1	Performing			1%	
2	Watch			5%	
3	Substandard			25%	
4	Doubtful			50%	
5	Loss			100%	
	Sub Total				
Rescheduling or Regional Loans					
6	Performing			1%	
	Watch			5%	
	Substandard			25%	
3	Doubtful			50%	
	Loss			100%	
	Sub Total				
	GRAND TOTAL				
Note: This return should be received on or before the fifteenth day of the following month following end of the quarter.					

AUTHORIZATION:

We declare that this return, to the best of our knowledge and belief is correct

.....sign.....Date.....
Name of Authorizing Officer

.....sign.....Date.....
Name of Authorizing Officer

FORM 2**THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY
LENDERS ACT, 2016****INVESTMENT RETURN**

Name of a SACCO		CS No.....
Financial year:		
Start Date:		
End date		
1.1	Core capital	
1.2	Total assets	
1.3	Total Deposits	
1.4	Non-earning assets	
1.5	Financial assets	
1.6	Land and Building	
2.1	Land and building to Total Asset requirement	15.0% Maximum without prior approval
3.0	Financial investment to core capital(1.5/1.1)%	
3.1	Maximum Financial investments in non-government securities to core capital	10.0%
3.2	Excess/](Deficiency)(3.0 less 3.1)	-40%

Note: This return should be received on or before the fifteenth day of the month following end of every quarter.

AUTHORIZATION:

We declare that this return, to the best of our knowledge and belief is correct.	
.....Sign.....	Date:.....
Name of Authorizing Officer	
.....Sign.....	Date:.....
Name of Authorizing Officer	

FORM 3

THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY LENDERS ACT, 2016

CAPITAL ADEQUANCY RETURN

Name of a SACCO		CS No.....
Financial year:		
Start Date:		
End date		
1.	CAPITAL COMPONENTS	AMOUNT (Ugs '000')
1.1	CORE CAPITAL	
1.1.1	Share capital	
1.1.2	Statutory reserves	
1.1.3	Retained earnings/*Accumulated losses	
1.1.4	Net Surplus after Tax, current year to-date 50%	
1.1.5	Capital Grants	
1.1.6	General Reserves	
1.1.7	Others Reserves	
1.1.8	Sub-Total (1.1.1 to 1.1.7)	
LESS DEDUCTIONS		
1.1.9	Investments in subsidiary and equity instruments of other institutions	
1.1.10	Other deductions	
1.1.11	Total Deductions (1.1.9 to 1.1.10)	
1.1.12	CORE CAPITAL (1.1.8 Less 1.1.11)	
1.1.13	INSITUTIONAL CAPITAL (1.1.12 less 1.1.1)	
2	ON- BALANCE SHEET ASSETS	
2.1	Cash (Local + Foreign currency)	
2.2	Government securities	
2.3	Deposits and Balance at Other Institutions	
2.4	Loans and Advances	
2.5	Investments	
2.6	Property and Equipment (net of Depreciation)	

2.7	Other Assets	
2.8	Total (2.1 to 2.7)	
2.9	Difference	
3	OFF-BALANCE SHEET ASSETS	
4	CAPITAL RATIO CALCULATIONS	
4.1	Total Asset value of on-balance sheet items as per 2.8 above.	
4.2	Total Assets value of off-balance sheet items as per 3 above	
4.3	Total Assets (4.1+4.2)	
4.4	Minimum Core Capital	
4.5	Total Deposit Liabilities (As per Balance Sheet)	
4.6	Core Capital to Assets Ratio (1.1.12/4.3)%	0.0%
4.7	Minimum Core Capital to Assets Ratio requirement	10.0%

**A reconciliation for the difference to be attached on a separate sheet.*

AUTHORIZATION

We declare that this return, to the best of our knowledge and belief is correct.

.....sign.....Date.....
Name of Authorizing Officer

.....sign.....Date.....
Name of Countersigning Officer

FORM 4**THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY
LENDERS ACT, 2016****LIQUIDITY STATEMENT**

Name of a SACCO		CS No.....
Financial year:		
Start Date:		
End date		
1.		UGSHs 000
1	Notes and Coins	
1.1	Local Notes and Coins	
1.2	Foreign Notes and coins	
2	Bank Balance	
2.1	Balance with banks	
	LESS:	
2.2	Time deposits with banks more than 90 days	
2.3	Over drafts and matured loans/ Advances from banks.	
3	Balance with other Financial Institution	
3.1	Balance with Other SACCOs societies	
3.2	Balance with Other Financial Institutions other than banks and SACCO societies.	
	Less	
3.3	Balance due to other Societies	
3.4	Balance due to Financial Institutions	
3.5	Mature Loans/Advances from Financial Institutions	
4	GOVERNMENT SECURITIES	
4.1	Treasury Bills	
4.2	Treasury Bonds	
5	NET LIQUID ASSET (1-4)	

6	DEPOSIT BALANCES	
6.1	Deposits from members including interest	
6.2	Deposit from all other sources including accrued interest	
6.3	Total deposit	
	Less	
6.4	Balance due to other SACCO societies	
6.5	Balance due to other Financial institutions	
6.6	Balances due to other source including accrued interest	
6.7	Total deductions	
6.8	Net deposit Liabilities	
7	OTHER LIABILITIES	
7.1	Matured	
7.2	Maturing within 91 days	
7.3	Total other liabilities	
8	LIQUIDITY RATIO	
8.1	Net liquid Assets (5)	
8.2	Total Short term liabilities 6.3+7.3	
8.3	Ratio of (8.1/8.2)%	0.0%
8.4	Minimum Holding of Liquid Assets Requirement	15.0%
8.5	Excess/ Deficit (8.3-8.4)	-15

**A reconciliation for the difference to be attached on a separate sheet.*

Note: Monthly return to be received on or before the 15th day of following month

AUTHORIZATION:

We declare that this return, to the best of our knowledge and belief is correct.

.....Sign.....Date.....
Name of Authorizing Officer

.....Sign.....Date.....
Name of Countersigning Officer

FORM 5

THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY LENDERS ACT, 2016

STATEMENT OF FINANCIAL POSITION

Name of a SACCO		CS No.....	
Financial year:			
Start Date:			
End date			
		Period.....	Period.....
		Current year	Prior Year
		UGSHS	UGSHS
RefNo.	ASSETS		
1	Cash and cash equivalent	0	0
1.1	Cash in hand (Both local and Foreign Notes and Coins)		
1.2	Cash at bank:(Placement with Financial Institutions)		
2	Prepayments and securities		
3	Financial investments	0	0
3.1	Government securities		
3.2	Other securities		
3.3	Other investment		
4	Net loan portfolio		
4.1	Gross Loan portfolio		
4.2	Allowance for loans loss		
5	Accounts Receivables		
5.1	Tax Recoverable		
5.2	Deferred Tax Asset		
5.3	Retirement Benefit Asset		

6	Property and equipment		
6.1	Investment Properties		
6.2	Property and equipment		
6.4	Intangible Assets		
6.5	Other Assets		
	Total		
	LIABILITY		
7	Saving Deposits		
8	Short Term Deposit		
9	Non withdraw-able deposits		
10	Tax Payable		
10.2	Dividends Payable		
10.3	Differed Tax Liability		
10.4	Retirement Benefits Liability		
10.6	External Borrowings		
	Total Liability		
11	Share Capital		
12	Grants and Donations		
13	Retained Earnings		
13.1	Prior Year's Retained Earning		
13.2	Current Years surplus		
14	Other Equity accounts		
14.1	Statutory Reserves		
14.2	Other reserves		
14.3	Revaluation Reserve		
14.4	Proposed Dividends		
14.5	Adjustment to Equity		
	Total		
	Total Liability and Equity		

Note: this return should be received within three months after the end of each financial year

AUTHORIZATION

We declare that this return, to the best of our knowledge and belief is correct.

.....sign..... Date

Name of Authorizing Officer

.....sign.....Date

Name of Countersigning Officer

FORM 6

THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY LENDERS ACT, 2016

STATEMENT OF COMPREHENSIVE INCOME

Name of a SACCO		CS No.....	
Financial year:			
Start Date:			
End date			
INCOME STATEMENT		Period.....	Period.....
		Current year	Prior Year
		UGSHS	UGSHS
Ref No.			
1	Financial position	0	0
2	Financial income from loan portfolios		
2.1	Interest on portfolio		
2.2	Fees and Commission on Loan Portfolio		
3	Financial income from investment		
2.1	Government security		
2.1	Deposit and Balance with Banks and other Financial institutions		
3.3	Other Investments	0	0
3.4	Other Operative Income		
4	Financial Expense		
4.1	Financial Expense on funding Liabilities		
4.2	Interest Expense on deposits		
4.3	Cost of external Borrowing		
4.4	Dividend Expenses		

4.5	Other Financial Expenses		
4.6	Fees and commission		
4.7	Other Expenses		
5	Net Financial Expenses		
6	Allowance for Loans Losses		
6.1	Provision for Loan Losses		
6.2	Value of Loans Recovered		
7	Operating Expenses		
7.1	Personal Expenses		
7.2	Government Expenses		
7.3	Marketing Expenses		
7.4	Depreciation and Amortization Charges		
7.5	Administration Expenses		
8	Net Operating Income		
9	Net Non-operating Income/ (Expenses)		
9	Non- Operating Income		
9.2	None- Operating Expenses		
10	Net Income (Before Taxes and Donations)		
11	Taxes		
11.1	Current Tax		
11.2	Differed Tax		
12	Net income (After Tax and before Donations)		
13.1	Donations for Loan Capital		
13.2	Donations for Operating Expenses		
14.	Net Income/(After Taxes and donations)		

Note: this return should be received within 15 days after end of the month or three months after the end of each financial year.

We declare that this return to the best of our knowledge and belief is correct.

AUTHORIZATION

We declare that this return, to the best of our knowledge and belief is correct.

.....sign..... Date
Name of Authorizing Officer

.....sign..... Date
Name of Countersigning Officer

FORM 7

THE TIER 4 MICROFINANCE INSTITUTIONS AND MONEY LENDERS ACT, 2016

OTHER DISCLOSURES

Name of a SACCO		CS No.....	
Financial year:			
Start Date:			
End date			
OTHER DISCLOSURES		Period.....	Period.....
		Current year	Prior Year
		UGSHS	UGSHS
Ref No.			
1	NON-PERFORMING LOANS AND ADVANCES	0	0
1.1	Gross Non-Performing Loans and Advances		
1.2	Interest in suspense		
1.3	Total Non- performing Loans and advances (1.1-1.2)		
	Less		
1.4	Allowance for loans loss		
1.5	Net Non-performing Loans (1.3-1.4)		
2	INSIDER LOANS AND ADVANCES		
2.1	Directors		
2.2	Employees		
2.3	Total Insider loans, advanced and other facilities		

3	OFF-BALANCE SHEET ITEMS		
3.1	Guarantees and commitments		
3.2	Total Contingent Liabilities		
4	CAPITAL STRENGTH		
4.1	Core Capital		
4.2	Institutional Capital		
4.3	Core Capital to Total Assets Ratio		
4.4	Minimum Statutory Ratio	10%	10%
4.5	Excess/(Deficiency)(4.3-4.4)	-10	-10
4.6	Institutional Capital to Total Assets Ratio		
4.7	Minimum Statutory	8%	8%
4.8	Excess/(Deficiency)(4.6-4.7)	-8%	-8%
4.9	Core Capital/Deposit Liabilities Ratio		
4.10	Minimum statutory Reserve	8%	8%
4.11	Excess/ Deficiency (4.10-4.11)	-8%	-8%
5	LIQUIDITY		
5.1	Liquidity Ratio		
5.2	Minimum Statutory Ratio	15%	15%
5.3	Excess/(Deficiency) (5.1-5.2)	-15%	-15%
6	INVESTMENTS		
6.1	Land and Building/Total Assets		
6.2	Minimum Statutory Ratio	5%	5%
6.3	Excess/(Deficiency) (6.1-6.3)	-5%	-5%
6.4	Financial Investment/Total Assets		
6.5	Minimum Statutory Ratio		
6.5	Excess/(Deficiency) (6.4-6.5)		

Note: This return should be received within three months after the end of each financial year

AUTHORIZATION

We declare that this return, to the best of our knowledge and belief is correct.

.....sign..... Date
Name of Authorizing Officer

.....sign..... Date
Name of Countersigning Officer

MATIA KASAIJA (MP)
Minister of Finance, Planning & Economic Development.