

**BILLS
SUPPLEMENT No. 9**



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BILLS SUPPLEMENT

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Bill No. 11

Warehouse Receipt System Bill

2005

THE WAREHOUSE RECEIPT SYSTEM BILL, 2005.

MEMORANDUM

1. The object of this Bill is to provide for the licensing of warehouses and warehouses keepers, to provide for a national system of warehouse bonding for the protection of depositors, to provide for the issue of warehouse receipts and to provide for other related matter.
2. Clause 1 of the Bill provides for the short title of the Bill and the Interpretation of the Bill.
3. Clause 2 of the Bill provides for the establishment of the Uganda Warehouse Receipt System Authority that will regulate the business of warehousing in this country. Among others, the Authority is empowered to inspect and classify warehouses, prescribe duties of warehouse keepers and to provide storage guidelines. The Bill seeks to delegate the functions of the Authority to the Uganda Commodity Exchange or any other legal entity that the Minister may by statutory instrument prescribe, until such a time when the Government can fully fund the Authority.
4. Clause 3 provides for the Board which is the governing body of the Authority.
5. Clause 4 of the Bill further provides for the staff of the Authority.
6. Clause 5 of the Bill provides for the financial provisions. Basically the Authority will derive its funds from fees it levies for inspection, of warehouses sale of warehouse receipt books and licensing both the warehouse keepers and the warehouses. Parliament shall also from

time to time appropriate money, to the Authority. The Board shall cause to be prepared in each financial year, and not later than three months after the close of the financial year, a statement of accounts, which shall be audited by the Auditor General or by an auditor appointed by the Auditor General.

7. Clause 6 of the Bill provides for the licensing of the warehouse keeper and the warehouses generally. A person is not allowed to operate a warehouse without a valid license issued by the Authority. The procedure of applying for the license and the conditions of the license are clearly stated.

8. The underlying intention of the Bill is to provide for the rights a warehouse receipt gives to a person who has it. Therefore, Clause 7 of the Bill seeks to provide for a warehouse receipt that offers security to the depositors and can be easily negotiated. This will enable easy access to credit from financial institutions, thus providing confidence in the market while attaching a necessary level of credibility.

Clause 7 also provides for the establishment of a Central Registry that will maintain a register book, which will contain in a chronological order, all transactions that have been carried on at the Central Registry. All warehouse receipts issued in any negotiation will be registered within a specific time stipulated in this Bill. A certificate of registration signed by the registrar shall be conclusive evidence of the issue or registration of a warehouse receipt.

DAUDI MIGEREKO,
Minister of Tourism, Trade and Industry.

THE WAREHOUSE RECEIPT SYSTEM BILL, 2005.

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A Bill for an Act

ENTITLED

THE WAREHOUSE RECEIPT SYSTEM ACT, 2005.

An Act to provide for the licensing of warehouses and warehouse keepers, to provide for a national system of warehouse bonding for the protection of depositors, to provide for the issue of warehouse receipts and to provide for other related matters.

BE IT ENACTED by Parliament as follows:

PART I—PRELIMINARY

1. Short title

This Act may be cited as the Warehouse Receipt System Act, 2005.

2. Interpretation

(1) In this Act, unless the context otherwise requires—

“Authority” means the Uganda Warehouse Receipt System Authority established under section 3;

“bailor” means the owner of the goods, and who directly or through his or her nominee delivers goods to a warehousekeeper for the purpose of storage in the name of the bailor or a nominee of the bailor;

“bond” has the meaning ascribed to it in section 25 of this Act;

“broker” means a person who sells on behalf of the depositor on the Uganda Agricultural Commodity Exchange;

“buyer in the ordinary course of business” means a person who in good faith and without knowledge that the sale to him or her is in violation of the ownership rights or security interest of a third party in the goods buys in ordinary course from a person in the business of selling goods of that kind;

“buying” may be for cash or by exchange of other property or on secured or other secured credit but does not include as security for or in total or partial satisfaction of a money debt;

“conspicuous” in relation to a term, clause or sign, means it is so written and located such that a reasonable person against whom it is to operate ought to have noticed it;

“court” means any court of judicature not lower than the Chief Magistrate’s court;

“currency point” has the value specified in relation to a currency point in the First Schedule to this Act;

“depositor” means a person who places the goods in a warehouse and is issued a receipt by the Authority to that effect;

“delivery” with respect to goods or documents, means voluntary transfer of possession of the goods or documents;

“field warehouse” means a building or other protected enclosure which has been leased or licensed by a person for the purpose of operating a warehouse and issuing warehouse receipts in respect of goods owned by the owner of the premises or third persons;

“fungible” means goods which are identical with others of the same nature which by usage or trade, can replace another unit and goods that are not fungible shall be deemed

fungible for the purposes of this Act to the extent that under a particular agreement or document unlike units are treated as equivalents;

“good faith” means honesty in fact in the conduct or transaction involved;

“goods” means all things which are treated as movable for the purposes of a contract of storage or bailment, including, in the case of goods to be packed, processed, substituted or otherwise transformed in the warehouse, their products, and includes documents, securities and instruments;

“holder” means a person who is in possession of a warehouse receipt issued or endorsed to that person or to his or her order or to bearer or in blank;

“Minister” means the Minister responsible for trade;

“negotiable receipt” means a warehouse receipt in which it is stated that the goods received will be delivered to the bearer or to the order of a named person;

“non-negotiable receipt” means a receipt issued to the bearer or to the order of a specified person and marked non-negotiable on the face of it;

“notice” in relation to any fact means where a person—

(a) has actual notice of it; or

(b) has received a notice or notification of it; or

(c) has received all the facts and circumstances known to that person at the time in question, he or she can be taken to have reason to know that it exists;

“person” includes an individual or a company, partnership or any other legal or commercial or governmental entity;

“purchase” includes taking by sale, discount, negotiation, mortgage, pledge, lien, gift or other voluntary transaction creating an interest in property;

“purchaser” means a person who takes by purchase;

“security interest” means an interest in goods, which secures payment or performance of an obligation by means of a charge, mortgage, lien, hypothecation, pledge, or other voluntary encumbrance, or retention or reservation of title to goods;

“warehouse” is a building or other protected enclosure owned, leased, licensed or otherwise in the legal possession and exclusive control of the warehousekeeper in which goods are stored; and includes field warehouse and a plant or other facility where the goods are packed, processed or otherwise transformed if warehouse receipts are issued covering those goods;

“warehousekeeper” is a person engaged in the business of storing goods for hire; and includes a person who operates a field warehouse; but a person who qualifies as a warehousekeeper is not disqualified by virtue of the fact that the goods may undergo packing, processing, substitution or other transformation while in the warehouse;

“warehouse receipt,” means a receipt for goods issued by a warehousekeeper duly licensed and bonded under this Act.

(2) In this Act, a person is taken to know or to have knowledge of a fact if that person has actual knowledge of that fact.

(3) For the purposes of the definition of ‘negotiable receipt’ under subsection (1) no provision shall be inserted in the negotiable receipt that it is not negotiable; and any such provision if inserted is void.

(4) In this Act, a person shall be taken to give “value” for any right if he or she acquires it—

- (a) in return for a binding commitment to extend credit or for the extension of immediately available credit whether or not drawn; or
- (b) as security for or in total or partial satisfaction of a pre-existing claim; or
- (c) by accepting delivery under a pre-existing contract for purchase; or
- (d) generally, in return for any consideration sufficient to support a simple contract.

PART II—ESTABLISHMENT AND FUNCTIONS OF THE AUTHORITY.

3. Establishment of the Authority

(1) There is established an Authority to be known as the Uganda Warehouse Receipt System Authority.

(2) The Authority shall be a body corporate, with perpetual succession and a common seal and may sue or be sued in its corporate name; and subject to this Act, may borrow money, acquire and dispose of property and do all such things as a body corporate may lawfully do.

4. Functions of the Authority

The functions of the Authority are—

- (a) to license warehouses;
- (b) to license warehousekeepers;
- (c) to license warehouse inspectors;
- (d) to issue negotiable warehouse receipts books; and
- (e) to carry out and perform such other functions as are conferred or imposed on it by this Act or any regulations made under this Act.

5. Powers of the Authority

For the carrying out of its functions under section 4 of this Act, the Authority shall have power—

- (a) to investigate the storage, warehousing, classifying according to grade and otherwise, weighing, and certification of goods in Uganda;
- (b) upon application by any person applying for a licence to operate a warehouse under this Act, to inspect the warehouse or cause it to be inspected;
- (c) at any time, with or without application, to inspect or cause to be inspected all warehouses licensed under this Act;
- (d) to determine whether warehouses for which licences are applied for or have been issued under this Act are suitable for the proper storage of any good or goods;
- (e) to classify warehouses licensed or applying for a licence in accordance with their ownership, location, surroundings, capacity, conditions, and other qualities, and as to the kinds of licences issued or to be issued for them under this Act;
- (f) to prescribe, within the limitations of this Act, the duties of the warehousekeepers conducting warehouses licensed under this Act with respect to their care of and responsibility for the goods stored;
- (g) upon application, to issue to any warehousekeeper a licence for the conduct of a warehouse in accordance with this Act and regulations made under this Act;
- (h) to provide guidelines and standards for the suitability for the proper storage of the goods for which a licence is applied;

- (i) to suspend or revoke any licence issued to any warehousekeeper conducting a licensed warehouse under this Act, for any contravention of or failure to comply with any provision of this Act or regulations and other statutory instruments made under this Act;
- (j) to charge, assess and collect a reasonable fee for every examination or inspection of a warehouse and the issue of licences;
- (k) to examine all books, records, papers, and accounts of warehouses licensed under this Act and of the warehousekeepers conducting the warehouses relating to them;
- (l) to borrow for the purposes of carrying out its functions under this Act;
- (m) to issue negotiable warehouse receipt books;
- (n) to close the premises of the warehousekeeper who operates without a valid licence; and
- (o) to carry out any other activity incidental or conducive to the carrying out of its functions under section 4.

6. Delegation of functions of the Authority

Notwithstanding anything in this Act, for such period from the commencement of this Act as shall be prescribed by statutory instrument, the functions of the Authority under this Act shall be carried out by the Uganda Commodity Exchange or any other legal entity that the Minister may by statutory instrument prescribe.

PART III—THE BOARD

7. The Board

- (1) The governing body of the Authority shall be the Board.

(2) The Board shall consist of—

- (a) The Managing Director appointed under section 12 of this Act;
- (b) one person representing the Ministry responsible for trade;
- (c) a representative of the co-operatives nominated by the Apex of co-operatives;
- (d) a representative of the Uganda Clearing and Forwarding Agents Association nominated by the Association;
- (e) a representative of the Uganda Bankers Association nominated by the Association;
- (f) a representative of the Uganda Insurers Association nominated by the Association;
- (g) one person representing the Uganda Chamber of Commerce nominated by the Chamber;
- (h) a representative of the private sector nominated by the private sector foundation.

(3) The members of the Board in subsection (2) paragraphs (b) to (h) shall be appointed by the minister and shall be persons of high moral character and proven integrity.

(4) The members appointed under subsection (2) shall be persons who qualify for appointment by virtue of their experience in commerce, finance, and public administration, the profession represented or in matters relating to economic planning and development.

(5) The Board shall have a chairperson who shall be appointed by the Minister from among the members of the Authority.

8. Tenure of office

- (1) A member of the Board appointed by the Minister under section 7 of this Act shall hold office for a term of three years and is eligible for re-appointment but he or she shall not hold office for more than two consecutive terms.
- (2) A member of the Board may vacate office—
- (a) by resignation;
 - (b) on written recommendation of the body which he or she represents revoking the nomination of the member;
 - (c) upon removal by the Minister on the ground of—
 - (i) misconduct, misbehaviour or abuse of office;
 - (ii) failure to attend three consecutive meetings without reasonable excuse, certified by the Board;
 - (iii) inability to perform the functions of that office arising from infirmity of body or mind;
 - (iv) has been adjudged or otherwise declared bankrupt under any law in force in Uganda and has not been discharged; or
 - (v) has been convicted of an offence involving fraud or dishonesty.
- (3) The Chairperson shall hold office for one year but is eligible for reappointment.
- (4) The Minister may remove the Chairperson from that office on ground of incompetence or abuse of office.
- (5) The Managing Director shall cease to be a member of the Board upon ceasing to hold the office of Managing Director.

(6) Where a vacancy occurs in the office of member of the Board, the Minister shall consult the body which nominated the member ceasing to hold office for the purpose of appointing another person in place of the member ceasing to hold office.

9. Remuneration of members of the Board

Members of the Board shall be paid such sitting and other allowances as the Board may, with approval of the Minister, determine.

10. Functions of the Board

Subject to the provisions of this Act, the Board shall in the name of the Authority—

- (a) carry out and exercise the functions and powers of the Authority under this Act;
- (b) manage the property, funds and income of the Authority and other concerns and affairs of the Authority;
- (c) discharge the business of the Authority under this Act;
- (d) appoint and remove the staff of the Authority;
- (e) appoint the Managing Director;
- (f) perform such other functions as may be conferred or imposed on the Board by this Act or by regulations made under this Act.

11. Meetings of the Board

The Second Schedule to this Act shall apply in relation to meetings of the Board and other matters specified in that Schedule.

PART IV—STAFF OF THE AUTHORITY

12. Managing Director

(1) There shall be a Managing Director of the Authority who shall be appointed by the Board on terms and conditions that the Board may determine.

(2) The Managing Director shall be the Chief Executive of the Authority and shall be responsible for the day to day operations of the Authority.

(3) Subject to the provisions of this Act and the general supervision and control of the Board, the Managing Director shall be responsible for the management of the funds, property and business of the Authority and for the administration, organisation and control of the staff of the Authority.

(4) The Managing Director shall be a member of the Board.

(5) The Managing Director shall, from time to time, in writing, keep the Board informed of the progress of the business of the Authority.

(6) Where the Managing Director is, for any reason, incapacitated from the performance of the functions of that office, the Board shall designate an officer of the Authority to perform those functions until the end of the incapacity of the Managing Director.

13. Secretary

(1) The Authority shall have a Secretary who shall be appointed by the Board on such terms and conditions as the Board may determine.

(2) In addition to any other functions that may be conferred upon the Secretary by the Board, the Secretary shall have the custody of the seal of the Authority.

(3) The Secretary shall—

- (a) take minutes of the meetings of the Board;
- (b) keep records of all activities of the Authority; and
- (c) act as registrar.

(4) In the performance of his or her functions under this Act, the Secretary shall, except where the Board otherwise directs in writing be responsible to the Managing Director.

14. Other Staff

(1) The Authority shall have such other officers as the Board may determine to be necessary for the efficient operation of the Authority.

(2) The Board may, on terms and conditions it deems fit, fix remuneration, grant pension, gratuities or other benefits on retirement or termination of services of the officers and employees of the Authority and may require them to contribute to any pension, provident fund or superannuation scheme.

(3) The Board may delegate any of its powers of appointment under this section to the Managing Director subject to such conditions as the Board may determine.

15. Experts and consultants

(1) The Board may, on the advice of the Managing Director, engage the services of experts and consultants in respect of any functions of the Authority with which they are considered to have special competence.

(2) Experts or consultants engaged under this section may be paid such fees and allowances, and may be afforded such facilities as the Board may determine.

PART V—FINANCIAL PROVISIONS.**16. Funds of the Authority**

The funds of the Authority shall consist of—

- (a) money from time to time appropriated by the Parliament;
- (b) all moneys received by the Authority from licensing;
- (c) all moneys received by the Authority from inspecting and supervising warehouses;
- (d) all moneys borrowed by the Authority;
- (e) all moneys derived from the sale of warehouse receipt books;

- (f) any other moneys received by or made available to the Authority for the purpose of performing its functions under this Act.

17. Duty of the Authority to operate on sound principles

The Authority shall perform its functions in accordance with sound and internationally accepted financial principles.

18. Estimates

(1) The Managing Director shall, within three months before the end of each financial year, prepare and submit to the Board for its approval, estimates of income and expenditure of the Authority for the next following financial year and may, at any time before the end of each financial year, prepare and submit to the Board for approval any estimates supplementary to the estimates of the current year.

(2) No expenditure shall be made out of the funds of the Authority unless that expenditure is part of the expenditure approved by the Board under the estimates for the financial year in which that expenditure is to be made or in estimates supplementary to that year's estimates.

19. Accounts

(1) The Board shall ensure that the Authority keeps proper accounts and records of its transactions and affairs and shall ensure that all moneys received are properly accounted for, all payments of its moneys are correctly made and properly authorised and that adequate control is maintained over its property and over the incurring of liabilities by the Authority.

(2) The accounts of the Authority shall be kept in such form as the Auditor General shall direct.

(3) The Board shall cause to be prepared in respect of each financial year, and not later than three months after the close of the financial year, a statement of accounts which shall include a report on the performance of the Authority during that financial year; and the statement shall comprise—

- (a) a balance sheet, a profit and loss account and application of fund statement; and
- (b) any other information in respect of the financial affairs of the Authority as the Minister may in writing, require.

20. Audit

(1) The accounts of the Authority shall, in respect of each financial year, be audited by the Auditor-General or by an auditor appointed by the Auditor-General.

(2) The Board shall ensure that within four months after the close of each financial year, the statement of accounts described in section 19 of this Act is submitted for auditing under this section.

(3) The Auditor General and any auditor appointed by the Auditor General shall have access to all books of accounts, vouchers and other financial records of the Authority and is entitled to any information and explanations required.

(4) The Auditor-General shall, within two months after receipt of the statement of accounts under subsection (2) of this section, audit the accounts and deliver to the Board a copy of the audited accounts together with his or her report on them stating any matter which in his or her opinion should be brought to the attention of the Minister.

(5) The Board, shall as soon as possible upon receiving it, deliver to the Minister a copy of the audited accounts together with the auditor's report under subsection (4) of this section.

21. Financial year

The financial year of the Authority shall be the period of twelve months beginning on the 1st day of July and ending on the 30th day of June in the next calendar year; except that the first financial year of Authority shall be the period commencing with the commencement of this Act and ending with the 30th day of June next following.

PART VI—LICENSING

22. Licence to warehousekeepers generally

(1) No person shall operate a warehouse without a valid licence issued by the Authority under this Act.

(2) The Authority may, upon application in the prescribed form, issue to any warehousekeeper a licence for the conduct of a warehouse in accordance with this Act.

(3) In issuing a licence under subsection (2) the Authority shall satisfy itself that—

- (a) each warehouse is suitable for the proper storage of the particular goods for which a licence is applied;
- (b) the warehousekeeper meets the conditions for eligibility to operate a licensed warehouse prescribed in regulations and other statutory instruments made under this Act; and
- (c) the warehousekeeper agrees, as a condition to the granting of the license, to comply with and abide by all the terms of this Act and regulations and other statutory instruments made under this Act.

23. Procedure for granting of licences

(1) Any person who wishes to acquire a licence may apply to the Authority in the manner prescribed by regulations in this Act.

(2) The Authority shall, before granting a warehouse licence under this Act, authorise the inspection of any warehouse in respect of which a licence is applied, to determine whether the warehouse is suitable for the storage of the particular goods for which the licence is applied.

(3) The Authority shall, upon being satisfied that a warehouse is suitable for the storage of the goods in question, grant a warehouse licence to the applicant.

(4) The applicant shall, upon being granted a licence under this Act, pay a fee prescribed by the Authority and the holder of the licence shall thereafter pay a prescribed fee on or before each anniversary of the granting of the licence; and

(5) Every warehouse keeper shall display his or her licence at a conspicuous place in his or her premises during the working hours.

24. Term and renewal of licence

A licence issued under section 22 of this Act, shall terminate as provided in the licence, or in accordance with the provisions of this Act, and regulations made under this Act and may from time to time be modified or extended by written notice issued by the Board.

25. Applicant to execute bond

(1) A warehousekeeper applying for a licence to conduct a warehouse in accordance with this Act shall, as a condition to the granting of the licence, execute and file with the Authority a good and sufficient bond to secure the faithful performance of his or her obligations as a warehousekeeper under this Act and regulations and other statutory instruments made under this Act.

(2) Where the Authority determines that a previously approved bond is, or for any cause has become, insufficient, it may require an additional bond or bonds to be given by the warehousekeeper concerned, conforming with the requirements of this section, and, unless the additional bond is given within the time fixed by a written demand for it made by the Authority, the licence of the warehousekeeper may be suspended or revoked by the Authority.

26. Action on bond by person injured

Any person injured by the breach of any obligation to secure for which a bond is given, under section 25 of this Act, is entitled to sue on the bond in his or her own name in court, to recover the damages he or she has sustained by the breach, provided that no such action shall be commenced unless the dispute has first been referred to arbitration in accordance with the Arbitration and Conciliation Act.

27. Designation as a licensed and bonded warehouse

(1) Upon the filing with and approval by the Authority, of a bond, in compliance with this Act, for the conduct of a licensed warehouse, the warehouse may be designated as licensed and bonded and shall display in a conspicuous place the Authority emblem.

(2) Notwithstanding anything in this Act, no warehouse shall be designated as licensed and bonded under this Act and no name or description conveying the impression that it is so licensed and bonded, shall be used—

(a) until a licence has been issued and a bond, such as provided for in section 25 of this Act, has been filed with and approved by the Authority; or

(b) unless the licence issued under this Act for the conduct of that warehouse remains unsuspended and unrevoked.

(3) Any person who contravenes subsection (2) commits an offence and on conviction is liable to a fine not exceeding twenty four currency points or imprisonment for a term not exceeding five years.

28. Casualty insurance and recovery for loss

(1) An application for a license to operate a warehouse under this Act shall, as a condition to the granting of the licence file with the Authority a certificate of insurance evidencing an effective policy of insurance issued by an insurance company authorised to do business in Uganda insuring in the name of the applicant all goods which are or may be in such warehouse for their full market value against loss by fire, internal explosion, lighting, windstorm and any other disaster, which the Authority may direct to be included under this category.

(2) Where a fire, internal explosion, lighting windstorm or any other disaster provided under subsection (1) destroys or damages any goods in licensed warehouse, the warehouse keeper shall, upon demand by the depositor, and upon being presented with the receipt or other evidence of ownership and after deducting the warehouse keepers charges and

advances, at the market value of the goods based on the value at the average price paid for the goods of the same grade and quality on the date of the loss at the location of the warehouse, make settlement.

(3) The warehousekeeper shall make complete settlement to all depositors having goods stored in his or her warehouse, damaged or destroyed, within ten days after settlement with the insurance company.

(4) Failure of the warehousekeeper to make such settlement shall be ground for the revocation or suspension of the warehouse licence.

(5) Where the Authority determines that a previously approved insurance is insufficient it shall require additional insurance to be given by the warehousekeeper conforming to the requirements of this Act.

29. Cancellation of insurance and suspension of licence

(1) No licensed warehousekeeper may cancel approved insurance without the prior written approval of the Authority and its approval of substitute insurance.

(2) Subject to section 33 of the Insurance Act, an insurance company may cancel insurance required by this Act only after the expiration of a thirty day period from the mailing, by registered or certified mail of notice of intent to cancel to the Authority.

(3) The insurance company shall, at the time of giving notice to Authority send a copy of such notice provided for in this section notifying the warehousekeeper involved.

(4) Notwithstanding any other provision of this Act, failure of the warehousekeeper to provide new evidence of insurance within fifteen days after the Authority receives notice of cancellation shall cause the warehouse license to be suspended.

(5) If new evidence has not been filed by the thirtieth day following receipt of notice the warehouse licence shall be revoked.

30. Deposits of goods deemed to be made subject to the Act

A person who deposits goods for storage in a warehouse licensed under this Act shall be taken to have deposited the goods subject to the terms of this Act and regulations and other statutory instruments made under this Act.

31. Suspension and revocation of warehouse keeper generally

The Authority may, after an opportunity to be heard has been afforded to the licensee concerned, suspend or revoke any licence issued to any warehouse keeper conducting a licensed warehouse under this Act for any contravention of any provision of this Act or regulations or other statutory instruments made under this Act.

32. Licence to inspect, weigh, grade, classify and certify stored goods.

The Authority may, upon presentation of satisfactory proof of competence, issue to any person a licence to inspect and sample any goods stored or to be stored in a warehouse licensed under this Act, and to certify the condition, grade, or other class of those goods or to weigh the goods and certify their weight on condition that person agrees to comply with and abide by the terms of this Act and regulations and other statutory instruments made under this Act so far as they relate to him or her.

33. Suspension of licence to inspect, weigh, grade, classify and certify stored goods

The Authority may suspend or revoke any licence issued to any person under section 22 whenever the Authority is satisfied, and an opportunity is afforded to the licence concerned to be heard—

- (a) that the licensee has failed to inspect, sample, or weigh any goods properly;
- (b) that the licensee has contravened any of the provisions of this Act or of any regulations and other statutory instruments made under this Act;

- (c) that the licensee has used his or her licence or allowed it to be used for an improper purpose.

34. Inspection and grading of goods stored

Any fungible goods stored in a warehouse licensed under this Act shall be inspected and graded by a person duly licensed to grade them under this Act prior to commingling of those goods deposited by other depositors.

35. Publication of general investigations of warehousing names and locations of warehouses and revocation

The Authority shall, from time to time, publish—

- (a) the names and addresses of persons licensed under this Act;
- (b) the results of any investigations made under section 5 (a) of this Act;
- (c) a list of all licenses terminated under this Act and the causes for the termination.

PART VII—ISSUE OF WAREHOUSE RECEIPTS**36. Who may issue a warehouse receipt**

For the purposes of this Act, a warehouse receipt may only be issued by a warehousekeeper duly authorised and licensed to do so under section 22 of this Act.

37. Form of warehouse receipts

(1) A negotiable warehouse receipt may only be printed by a person designated by the Authority in the form prescribed in the Third Schedule to this Act and supplied exclusively by the Authority.

(2) A warehouse receipt shall bear such security features as shall be a prescribed by the Authority by regulations.

(3) A non-negotiable warehouse receipt need not be in any particular form but each such receipt shall embody within its written or printed terms each of the following—

- (a) the name of the warehousekeeper;
- (b) the location of the warehouse where the goods are stored;
- (c) the date of issue of the receipt;
- (d) the consecutive number of the receipt;
- (e) a statement whether the goods received will be delivered to the bearer, to a specified person or to order;
- (f) the rate of storage charges;
- (g) a description of the goods and or of the packages containing the goods;
- (h) the signature of the warehousekeeper which may be made by his or her authorised agent;
- (i) if the receipt is issued for goods of which the warehousekeeper is owner, either solely or jointly or in common with others, the fact of such ownership;
- (j) a statement of the amount of advances made and of liabilities incurred for which the warehousekeeper claims a lien, and if the precise amount of those advances made or of those liabilities incurred is, at the time of the issue of the receipt, unknown to the warehousekeeper or to his or her agent who issues it, a statement of the fact that advances have been made or liabilities are incurred and that the purpose of the advances and liabilities is sufficient; and
- (k) if the goods are authorised by the bailor to be packed, processed, substituted or otherwise transformed while in the warehouse, a statement to that effect and a description of the type and quantity of goods to be produced upon the completion of the authorised transformational activities.

(3) For the purposes of subsection (2) (f) the rates of storage charges may be referred to by reference to the terms of business of the warehouse.

(4) For the purposes of subsection (2) (g) the description of the goods or packages containing the goods may be qualified as “said to be or to contain” or goods containing expiry date in the case of goods held in bags or other sealed containers.

(5) A warehousekeeper shall be liable to any person who claims to be injured for all damage caused by the omission of the term referred to in paragraph (k) of subsection (2).

(6) A warehousekeeper may insert in a receipt any other terms and conditions which are not contrary to this Act and do not impair his or her obligation of delivery or his or her duty of care and any contrary provision is void.

38. Lost or missing receipts

(1) Where a warehouse receipt is lost, stolen or destroyed, a court may order delivery of the goods or issue of a substitute document and the warehousekeeper may, without liability to any person, comply with that order except that—

(a) if the warehouse receipt was negotiable, the claimant must post security approved by the court to indemnify any person who may suffer loss as a result of the non-surrender of the document;

(b) if the warehouse receipt was not negotiable, the security may be required at the discretion of the court;

(c) the court may also in its discretion, order payment of the warehousekeeper’s reasonable costs and legal fees.

(2) A warehousekeeper who without a court order delivers goods to a person claiming under a missing negotiable warehouse receipt is liable to any person injured by the delivery, and if the delivery is not made in good faith is liable for conversion.

(3) Delivery in good faith is not conversion if the claimant posts security with the warehousekeeper in an amount at least double the value of the goods at the time of posting, to indemnify any person injured by the delivery who files a notice of claim within one year after the delivery.

(4) Where a warehouse receipt is lost, stolen or destroyed, the registrar will be informed accordingly.

39. Establishment of a Central Registry

(1) There is established a Central Registry which shall be operated by the Authority.

(2) The Secretary to the Authority shall be the Registrar and shall be the registering officer for the purpose of registering any transaction relating to a warehouse receipt issued under the Act or any transaction as shall be provided for in this Act except that the Authority may, with the consent of the Minister, appoint any person to act as a Deputy Registrar.

(3) A warehouse receipt issued in accordance with this Act including any negotiation in respect of it shall be delivered up to the Registrar for registration within fourteen days of any such issue or negotiation.

(4) It shall be sufficient for the purposes of this section if an original copy of the receipt is delivered to the Registrar for registration by a warehouse keeper.

(5) The Registrar shall receive and register any receipts or negotiations, cancel any receipts or negotiations and do all such other acts as the Minister may by statutory instrument prescribe.

(6) There shall be maintained a Register Book that shall contain in chronological order all transactions that shall have been carried on at the Central Registry.

(7) A certificate of registration signed by the Registrar shall be conclusive evidence of the issue or negotiation of a warehouse receipt.

(8) The Minister shall make such regulations and rules as are necessary to govern the day to day operations of the Central Registry.

PART VIII—OBLIGATIONS OF WAREHOUSEKEEPER:

WAREHOUSEKEEPER

40. Obligation of warehousekeeper to deliver

(1) A warehousekeeper shall deliver the goods to a person entitled under the warehouse receipt who complies with subsections (2) and (3) of this section, except where he or she establishes any of the following—

- (a) delivery of the goods to a person whose receipt was rightful as against the claimant;
- (b) damage to or delay, loss or destruction of the goods for which the warehousekeeper is not liable;
- (c) previous sale or other disposition of the goods in lawful enforcement of a lien or on the warehousekeeper's lawful termination of storage;
- (d) release, satisfaction or other fact affording a personal defence against the claimant; or
- (e) any other lawful defence.

(2) A person claiming goods covered by a warehouse receipt must satisfy the warehousekeeper's lien if the lien exists if the warehousekeeper so requests.

(3) A warehousekeeper who, in good faith including observance of reasonable commercial standards, receives goods and delivers or otherwise disposes of them according to the terms of the warehouse receipt or in accordance with this Act is not liable for any such act.

(4) Subsection (3) shall apply even though the person from whom the warehousekeeper has received the goods had no authority to procure the warehouse receipt or to dispose of the goods and even though the person to whom he or she delivered the goods had no authority to receive them.

41. Liability for non receipt or misdescription

A party to or purchaser for value in good faith of a warehouse receipt relying upon the description in the receipt of the goods may recover from the warehousekeeper damages caused by the non-receipt or misdescription of the goods, except to the extent that the document conspicuously indicates that—

- (a) the warehousekeeper is authorised to pack, process, substitute or otherwise transform the goods while in storage;
- (b) in the case of paragraph (a) the warehousekeeper is liable for the non-receipt or misdescription of the goods as transformed in accordance with the terms of the agreement with the bailor providing for such transformation;
- (c) the warehousekeeper does not know whether any part or all of the goods in fact were received or conform to the description, as where the description is in terms of marks or labels or the receipt or description is qualified by “contents, condition and quality unknown,” “said to be or contain” or the like, if such indication is true, or the party or purchaser otherwise has notice.

42. Duty of care, contractual limitation

(1) A warehousekeeper is liable for damages for loss of or injury to the goods caused by warehousekeeper’s failure to exercise such care in regard to them as a reasonably careful person would exercise under like circumstances; but unless otherwise agreed, the warehousekeeper is not liable for damages that could not have been avoided by the exercise of such care.

(2) Notwithstanding the general effect of subsection (1), it is the duty of the owner of the goods to disclose to the warehousekeeper any peculiarities in the nature of the goods to be stored.

43. Irregularities in the issue of receipts or conduct of the warehousekeeper

The obligations imposed by this Act on a warehousekeeper apply to a warehouse receipt regardless of the fact that—

- (a) the document may not comply with the requirements of this Act or of any other law or regulation regarding its issue, form or content; or
- (b) the warehousekeeper may have contravened any laws regulating the conduct of his or her business; or
- (c) the goods covered by the document were owned by the warehousekeeper at the time the warehouse receipt was issued; or
- (d) the person issuing the document does not fall within the definition of a warehousekeeper if it purports to be a warehouse receipt.

44. Duplicate receipt and overissue

(1) Neither a duplicate warehouse receipt nor any other document of title purporting to cover goods already covered by an outstanding warehouse receipt confers any right in the goods, except in the case of overissue of documents for fungible goods and substitutes for lost, stolen or destroyed documents.

(2) The warehousekeeper is liable for damages caused by his or her overissue or failure to identify a duplicate document as such by conspicuous notation on its face.

45. Separation of goods and fungible goods

(1) Unless the warehouse receipt otherwise provides, a warehousekeeper must keep separate the goods covered by each receipt so as to permit at all times identification and delivery of those goods or, where packing, processing, substitution or other transformation is authorised by the bailor, the transformed products of those goods; except that different lots of fungible goods may be commingled.

(2) Fungible goods commingled under subsection (1) are owned in common by the persons entitled to them and the warehousekeeper is severally liable to each owner for that owner's share.

(3) Where because of overissue a mass of fungible goods is insufficient to meet all the receipts that the warehousekeeper has issued against it, the persons entitled include all holders to whom overissued receipts have been issued, duly negotiated or otherwise transferred.

46. Termination of storage at warehousekeeper's option

(1) A warehouse keeper may, on notifying the person on whose account the goods are held and any other person known to claim an interest in the goods, require payment of any charges and removal of goods from the warehouse—

(a) at the termination of the period of storage fixed by the warehouse receipt or storage agreement or,

(b) if no period is fixed, within a stated period not less than thirty days after notification.

(2) If the goods are not removed before the date specified in the notification, the warehousekeeper may sell them in accordance with section 47 of this Act.

(3) If a warehousekeeper in good faith believes that the goods are about to deteriorate or decline in value to less than the amount of his or her lien within the time prescribed in subsection (1) for notification, advertisement and sale, the warehousekeeper may specify in the notification any reasonable shorter time for removal of the goods; and if the goods are not removed, may sell them at Uganda Agricultural Commodity Exchange (UACE) or, at public sale (auction) held not less than one week after a single advertisement or posting.

(4) If, as a result of a quality or condition of the goods of which the warehousekeeper had no notice at the time of deposit, the goods are a hazard to other property or to the warehouse or to persons, the warehousekeeper may sell the goods at Uganda Agricultural

commodity exchange; or public (auction) or private sale without advertisement on reasonable notification to all persons known to claim an interest in the goods.

(5) If the warehousekeeper after a reasonable effort and after notifying the Authority is unable to sell the goods he or she may dispose of them in any lawful manner and shall incur no liability by reason of that disposition.

(6) A sale under section 46 is only possible if the warehouse keeper has informed the Uganda Warehouse Authority within fourteen days for purpose of registering the sale, cancellation of the receipt and notification of such cancellation.

(7) A warehouse keeper must deliver the goods to any person entitled to them under this Act upon due demand made at any time prior to sale or other disposition under this section.

(8) A warehousekeeper may satisfy his or her lien from the proceeds of any sale or disposition under this section but must hold the balance for delivery on the demand of any person to whom he or she would have been bound to deliver the goods.

47. Warehousekeeper's lien

(1) A warehousekeeper has a lien against the bailor on the goods covered by a warehouse receipt or on the proceeds of those goods in his or her possession for charges for storage, packing, processing or transportation, insurance, labour, or other charges present or future in relation to the goods, and for expenses necessary for preservation of the goods or reasonably incurred in their sale according to law.

(2) If the person on whose account the goods are held is liable for like charges or expenses in relation to other goods whenever deposited and it is stated in the receipt that a lien is claimed for charges and expenses in relation to other goods, the warehousekeeper also has a lien against him or her for such charges and expenses whether or not the other goods have been delivered by the warehousekeeper.

(3) Where a negotiable warehouse receipt is duly negotiated to any person, a warehousekeeper's lien is limited to charges in an amount or at a rate specified on the receipt or if no charges are so specified then to a reasonable charge for storage of the goods covered by the receipt subsequent to the date of the receipt.

(4) A warehousekeeper may also reserve a security interest against the bailor for a maximum amount specified on the receipt for charges other than those specified in subsection (1), such as for money advanced and interest, except that the creation of the security interest shall be governed by the laws relating to such security interest.

(5) A warehousekeeper's lien for charges and expenses under subsection (1) or a security interest under subsection (4) shall be effective against any person who so entrusted the bailor with possession of the goods that a pledge of them by him or her to a *bona fide* purchaser for value would have been valid but is not effective against a person as to whom the document confers no right in the goods covered by it under section 47 of this Act.

(6) A warehousekeeper shall lose his or her lien on any goods which he or she voluntarily delivers or which he or she unjustifiably refuses to deliver.

48. Enforcement and loss of warehousekeeper's lien

(1) Except as provided in subsection (6), a warehousekeeper's lien may be enforced by sale conducted through the Uganda Agricultural Commodities Exchange, public auction or private sale of the goods in bloc or in parcels, at any time or place and on any terms which are commercially reasonable, after notifying all persons known to claim an interest in the goods in accordance with subsection (4) of this section.

(2) If the warehousekeeper either sells the goods in the usual manner in any recognised market for the goods, or if he or she sells at the price current in such market at the time of the sale, or if he or she otherwise sells in conformity with commercially reasonable practices among dealers in the type of goods sold, he or she is taken to have sold in a commercially reasonable manner.

(3) The fact that a better price could have been obtained by a sale at a different time or in a different method from that selected by the warehousekeeper is not itself sufficient to establish that the sale was not made in a commercially reasonable manner.

(4) A warehousekeeper's lien on goods other than goods stored by a depositor in the course of his or her business may be enforced only as follows—

- (a) all persons known to claim an interest in the goods must be notified;
- (b) the notification must be delivered in person or sent by registered letter to the last known address of any person to be notified;
- (c) the notification must include an itemised statement of the claim, a description of the goods subject to the lien, a demand for payment within a specified time not less than ten days after receipt of the notification, and a conspicuous statement that unless the claim is paid within that time the goods will be advertised for sale and sold by auction at a specified time and place;
- (d) the sale must conform to the terms of the notification;
- (e) the sale must be held at the nearest suitable place to that where the goods are held or stored;
- (f) after the expiration of the time given in the notification, an advertisement of the sale shall be published in the *Gazette* and once a week for two weeks in a news paper of general circulation in Uganda.

(5) Before any sale under this section any person claiming a right in the goods may pay the amount necessary to satisfy the lien and the reasonable expenses incurred under this section.

(6) Where subsection (5) is complied with, the goods must not be sold, but must be retained by the warehousekeeper subject to the terms of the receipt and this Act.

(7) A warehousekeeper may buy at any public sale (auction) under this section.

(8) A purchaser in good faith of goods sold to enforce a warehousekeeper's lien takes the goods free of any rights of persons against whom the lien was valid, despite non-compliance by the warehousekeeper with the requirements of this section.

(9) The warehousekeeper may satisfy his or her lien from the proceeds of any sale under this section but must hold the balance, if any, for delivery on demand to any person to whom he or she would have been bound to deliver the goods.

(10) The rights provided under this section shall be in addition to all other rights allowed by law to a creditor against his or her debtor.

(11) Where a lien is on goods stored by a depositor in the course of his or her business the lien may be enforced in accordance with either or subsection (5).

(12) A warehousekeeper is liable for damages caused by failure to comply with the requirements for sale under this section and in case of wilful contravention is liable for conversion.

(13) A warehouse keeper shall lose his or her lien on the goods by—

(a) surrendering possession of the goods;

(b) refusing to deliver the goods when a demand is made with which he or she is bound to comply with under this Act.

PART IX—NEGOTIATION AND TRANSFER OF WAREHOUSE RECEIPTS

49. Form of negotiation and requirements of due negotiation

(1) A negotiable warehouse receipt to the order of a named person is negotiated by his or her endorsement on its delivery and registration of the negotiation by the Authority.

(2) Negotiation of a negotiable warehouse receipt after it has been endorsed to a specified person requires endorsement by the endorsee as well as delivery and registration with the Authority.

(3) A negotiable warehouse receipt is treated as “duly negotiated” when it is negotiated in the manner stated under this section to a person who purchases it in good faith without notice of any defect in it or claim to it on the part of any person, and for value.

(4) Endorsement of a non-negotiable warehouse receipt neither makes it negotiable nor adds to the transferee’s rights.

50. Rights acquired by due negotiation

(1) Subject to this section, a holder to whom a negotiable warehouse receipt has been duly negotiated acquires by that act—

- (a) title to the warehouse receipt;
- (b) title to the goods, including, to the extent such activities are authorised by the bailor and noted on the warehouse receipt, the packed, processed, substituted or otherwise transformed goods of the bailor;
- (c) all rights accruing under the law of agency or estoppel, including rights to goods delivered to the warehousekeeper after the warehouse receipt was issued; and
- (d) the obligation of the warehousekeeper to hold or deliver the goods according to the terms of the warehouse receipt and any related storage agreement free of any defence or claim by the warehousekeeper except those arising under the terms of the warehouse receipt or storage agreement or under this Act.

(2) Subject to this section, title and rights acquired under subsection (1) are not defeated by the surrender of the goods by the warehousekeeper, and are not prejudiced by any of the following—

- (a) that the negotiation or any prior negotiation constituted a breach of duty; or
- (b) that any person has been deprived of possession of the warehouse receipt by misrepresentation, fraud, mistake duress, loss, theft or conversion, or even though a previous sale or other transfer of the goods or warehouse receipt has been made to a third person.

(3) Except where the warehouse receipt was originally issued upon delivery of the goods by a person who had no power to dispose of them, no lien attaches by virtue of any judicial process to goods in the possession of a warehousekeeper for which a negotiable warehouse receipt is outstanding unless the document is first surrendered to the warehousekeeper or its negotiation enjoined by court order, and the warehousekeeper shall not be compelled to deliver the goods in accordance with any judicial process until the document is surrendered to him or her or impounded by the court.

(4) Any person who purchases the document for value without notice of the process or injunction takes free of the lien imposed by judicial process.

51. Rights defeated in certain cases

(1) A warehouse receipt creates a charge on the goods deposited at the warehouse, once it is issued.

(2) A warehouse receipt confers no rights in goods against a person who before the issue of the document had a legal interest or perfected security interest in such goods and who neither—

- (a) delivered or entrusted those goods or any bill of lading, warehouse receipt, delivery order or other document of title covering them to the bailor with actual or apparent authority to ship, store, pack, process, transform or sell the goods; nor

- (b) acquiesced in the procurement by the bailor or his or her nominee of any warehouse receipt or other document of title covering the goods.

(3) A buyer in the ordinary course of business of fungible goods sold and delivered by a warehousekeeper who is also in the business of buying and selling such goods takes free of any claim under a warehouse receipt even though it has been duly negotiated.

52. Rights acquired in the absence of due negotiation

(1) A transferee of a warehouse receipt, whether negotiable or non-negotiable, who has taken the warehouse receipt by purchase, delivery and registration but where the warehouse receipt is not duly negotiated, acquires the title and rights which his or her transferor had or had actual authority to convey.

(2) In the case of a non-negotiable warehouse receipt, until but not after the warehousekeeper receives notification of the registration by the Authority of the transfer, the rights of the transferee may be defeated—

- (a) by a buyer from the transferor in the ordinary course of business if the warehousekeeper has delivered the goods to the buyer or has received notification of his or her rights; or
- (b) as against the warehousekeeper by dealings in good faith of the warehousekeeper with the transferor.

53. Rights and obligations of transferors and transferees

(1) The endorsement of a warehouse receipt does not make the endorser liable for any default by the warehousekeeper or by previous endorsers.

(2) The transferee of a negotiable warehouse receipt has a specifically enforceable right to have his or her transferor supply any necessary endorsement but the transfer becomes a negotiation only when the endorsement is supplied and the negotiation registered by the Authority.

(3) Where a person negotiates or otherwise transfers a warehouse receipt for value otherwise than as a mere intermediary under subsection (4), then unless otherwise agreed, he or she warrants to his or her immediate purchaser—

- (a) that the warehouse receipt is genuine; and
- (b) that he or she has no knowledge of any fact which would impair its validity or worth; and
- (c) that his or her negotiation or transfer is rightful and fully effective with respect to the title of the warehouse receipt and the goods it represents.

(4) A collecting bank or other intermediary known to be entrusted with a warehouse receipt on behalf of another or with collection of a draft or other claim against delivery of a warehouse receipt warrants by the delivery of the warehouse receipt, only its own good faith and authority.

(5) Subsection (4) shall apply even though the intermediary has purchased or made advances against the claim or draft to be collected.

54. Conflicting claims and interpleader

If more than one person claims title to goods covered or purported to be covered by a warehouse receipt, the warehousekeeper is excused from delivery until he or she has had a reasonable time to ascertain the validity of the adverse claims or to bring an action to compel all claimants to interplead and may compel the interpleader, either in defending an action for non-delivery of the goods, or by original action, whichever is appropriate.

PART X—OFFENCES

55. Issue of receipt for goods not received

A warehousekeeper, or any officer, agent, or servant of a warehousekeeper, who issues or aids in issuing a warehouse receipt knowing that the goods for which the receipt is issued have not been

actually received by the warehousekeeper, or are not under his or her actual control at the time of issuing the receipt, commits an offence and is liable on conviction to imprisonment not exceeding five years, or fine not exceeding three times the value of the goods in question or both.

56. Issue of receipt containing false statement

A warehousekeeper, or any officer, agent or servant of a warehousekeeper, who fraudulently issues or aids in fraudulently issuing a warehouse receipt for goods knowing that it contains any false statement, commits an offence and is liable on conviction to imprisonment not exceeding five years, or to a fine not exceeding one hundred and twenty currency points or both.

57. Issue of duplicate receipt not duly marked

A warehousekeeper, or any officer, agent or servant of a warehousekeeper, who fraudulently issues or aids in issuing a duplicate or additional negotiable receipt for goods knowing that a former negotiable receipt for the same goods or any part of them is outstanding and uncanceled, without plainly placing upon its face the word "Duplicate" except in the case of a lost or destroyed receipt after proceedings under the section 30 of this Act, commits an offence, and is liable on conviction to imprisonment not exceeding five years, or to a fine not exceeding one hundred and twenty currency points or both.

58. Issue for warehousekeeper's goods of receipts which do not state that fact

Where there are deposited with or held by a warehousekeeper goods of which he or she is owner, either solely or jointly or in common with others, the warehousekeeper, or any of his or her officers, agents, or servants who, knowing the ownership, issues or aids in issuing a negotiable receipt for those goods which does not state that ownership, commits an offence and is liable on conviction to imprisonment not exceeding one year, or a fine not exceeding twenty four currency points or both.

59. Delivery of goods without obtaining negotiable warehouse receipt

A warehousekeeper, or any officer, agent or servant of a warehousekeeper, who delivers goods out of the possession of the warehousekeeper, knowing that a negotiable receipt necessary to transfer the right of possession of those goods is outstanding and uncanceled, without obtaining the possession of that receipt at or before the time of the delivery, except in the cases referred to in sections 36 and 45 of this Act, commits an offence and is liable on conviction to imprisonment not exceeding one year, or a fine not exceeding twenty four currency points or both.

60. Negotiation of receipt for mortgaged goods

Any person who deposits goods to which he or she has no title, or upon which there is a security interest, and who takes for those goods a negotiable receipt which he or she afterwards negotiates for value with intent to deceive and without disclosing his or her want of title or the existence of the security interest, commits an offence and is liable on conviction to imprisonment not exceeding five years, or a fine not exceeding one hundred and twenty currency points or both.

61. Issue of a warehouse receipt without a valid licence

(1) Any person who purports to issue a warehouse receipt without a valid licence commits an offence and is liable on conviction to imprisonment not exceeding five years or a fine not exceeding one hundred and twenty currency points or both.

(2) Any person who contravenes the provisions of this Act and the Regulations commits an offence and is liable on conviction to imprisonment not exceeding five years or a fine not exceeding one hundred twenty currency points or both.

PART XI—MISCELLANEOUS.**62. Revocation or termination of a licence not to affect receipts**

The revocation or termination of a licence under this Act shall not affect the validity of receipts issued under the licence, and the warehouse keeper will continue to comply with this Act with regard to valid receipts so far issued.

63. Insurance of goods

(1) A warehousekeeper shall ensure that goods stored in his or her custody are at all times insured against all common perils such as loss by fraud, theft, fire employee infidelity, disasters such as drought, flooding, sabotage, internal explosion, wind storm and any other disaster or perils and such other perils as the Authority may determine by regulations made under this Act.

(2) A warehousekeeper shall keep exposed in a conspicuous place in the warehouse a notice in bold letters stating briefly the conditions under which goods are insured under this Act.

(3) A warehousekeeper shall take prompt steps as may be necessary and proper to collect any money which becomes due under a contract or insurance entered into by him or her for the purposes of this Act and shall as soon as the money is collected promptly pay any person entitled to receive the money.

(4) A warehousekeeper shall, in accordance with the terms of his or her contracts with insurance and bonding companies for the purpose of fulfilling the insurance and bonding requirements under this Act, pay such premiums, permit such reasonable inspections and make such reasonable reports as may be provided for in those contracts.

64. Inspection of warehouses by Authority

(1) The Authority or its appointed agent may inspect any licensed warehouse with a view to investigating—

(a) storage facilities in the warehouse;

(b) how goods are classified;

(c) how goods are weighed;

(d) certification of goods; and

(e) whether the provisions of this Act are being complied with.

65. Classification of warehouses

(1) The Board may, by notice published in the *Gazette* classify a licensed warehouse in accordance with its—

- (a) ownership;
- (b) location;
- (c) surroundings;
- (d) capacity;
- (e) conditions or other qualities; and

(2) The Board may prescribe different types of licences that may be issued in respect to such classified warehouse.

66. Fees

The Board, shall in consultation with the Minister by notice published in the *Gazette* prescribe the fees to be charged in respect of—

- (a) examination and inspection of warehouses;
- (b) licences issued under this Act;
- (c) renewal of licences;
- (d) issue of negotiable warehouse receipt books; and
- (e) carrying out and performing such other functions conferred on it under this Act or regulations made under this Act.

67. Seal of the Authority

(1) The common seal of the Authority shall be such device and in such form as the Board may determine and shall be authenticated by the signatures of the Chairperson and the Managing Director.

(2) In the absence of the Chairperson two other members of the Board shall sign in place of the Chairperson; and in absence of the Managing Director the person performing the functions of the Managing Director shall sign.

(3) The signature of the Chairperson or of the Managing Director shall be independent of the signing by any other person as a witness.

(4) Every document purporting to be an instrument issued by the Authority and to be sealed with the common seal of the Authority authenticated in the manner prescribed in subsections (2) and (3) shall be received in evidence and be deemed to be such an instrument without further proof unless the contrary is shown.

(5) The Seal of the Authority shall as provided in subsection (2) of section 13 of this Act be kept in the custody of the Secretary.

68. Protection of members of the Board and staff of the Authority

A member of the Board or any employee or other person performing any function of the Authority under the direction of the Board shall not be personally liable to any civil proceedings for any act or omission on his or her part in good faith in the performance of those functions.

69. Annual Report

The Board shall cause to be prepared and shall submit to the Minister within three months after the end of each financial year, an annual report on the activities and operations of the Authority for that financial year.

70. Minister to report to Parliament

The Minister shall each year submit to Parliament the auditor's report not later than sixty days after receiving them from the Board under section 19 and the annual report of the Authority submitted to the Minister under section 69 of this Act.

71. Regulations

(1) The Minister may, on the recommendation of the Board, make regulations, as may be necessary for the better carrying into effect of this Act.

(2) Without prejudice to the general effect of subsection (1), regulations made under that subsection may—

- (a) prescribe forms to be used for any process under this Act and forms of licences and other documents under this Act;
- (b) prescribe in connection with any contravention of the regulations—
 - (i) a penalty of imprisonment not exceeding two years or a fine not exceeding one hundred currency points or both;
 - (ii) in the case of a continuing offence, an additional penalty not exceeding one currency point for each day on which the offence continues;
 - (iii) a higher penalty for a second or subsequent contravention.

72 **Minister's power to amend Schedules**

(1) The Minister may, with the approval of the Cabinet, by statutory instrument amend the First Schedule to this Act.

(2) The Minister may, on the recommendation of the Board, by statutory instrument amend the Second or Third Schedule to this Act.

SCHEDULES.

FIRST SCHEDULE

SECTIONS 2, 27, PART X AND 71.

CURRENCY POINT

One currency point is equivalent to twenty thousand shillings.

SECOND SCHEDULE

SECTIONS 11 AND 67

MEETINGS OF THE BOARD**1. Convening meetings**

(1) The Chairperson shall convene the first meeting of the Board as soon as is practicable after the appointment of the Board and thereafter the Board shall meet for the transaction of business at times and places that may be decided upon by the Board but the Board shall meet at least once in every two months.

(2) The Chairperson or, in the absence of the Chairperson, a member appointed by the Board to act as Chairperson may at any time call a special meeting of the Board, or shall call a special meeting upon a written request by a majority of the members of the Board.

(3) The Chairperson shall preside at all meetings of the Board and in his or her absence the members present may appoint a member from among themselves to preside at that meeting.

2. Quorum

The quorum at a meeting of the Board shall be four members.

3. Taking decisions

Questions proposed at a meeting of the Board shall be decided by a majority of the votes of the members present and if there is an equality of votes the person presiding shall have a casting vote in addition to his or her deliberative vote.

4. Disclosure of interest

(1) A member of the Board who has any pecuniary interest in a matter being considered or about to be considered by the Board shall, as soon as possible after the relevant facts have come to his or her knowledge, disclose the nature of his or her interest to the Board.

(2) A disclosure of interest under sub-paragraph (1) shall be recorded in the minutes of the meeting of the Board and the member making the disclosure shall not, unless the Board otherwise determines in respect of that matter --

(a) be present during any deliberation on the matter by the Board;

(b) take part in the decision-making of the Board on the matter.

(3) For the purpose of the making of a decision by the Board under sub-paragraph (2) the member who has made the disclosure shall not-

(a) be present during the deliberations of the Board for the making of that determination;

(b) influence any other member or take part in the making of the determination by the Board.

5. Co-option of persons to meetings of Board

(1) The Board may co-opt any person to any meeting of the Board to assist it on any matter if the Board is satisfied that that person's qualifications and experience are likely to benefit the Board.

(2) A person co-opted to assist the Board under subparagraph (1) is entitled to take part in the proceedings of the Board at the meeting concerning the matter in connection with which he or she is co-opted, but is not entitled to vote or take part in any other proceedings of the Board.

6. Minutes of proceeding

(1) The Board shall cause the minutes of its meeting to be recorded and kept and the minutes of each meeting shall be confirmed by the Board at the next meeting and signed by the Chairperson of the meeting.

(2) The Chairperson of the Board shall submit to the Minister a copy of the minutes of each meeting as soon as the minutes have been confirmed.

7. Board to regulate its own procedure

Subject to the provisions of this Schedule, the Board may regulate its own proceedings.

THIRD SCHEDULE

SECTION 37

Form of negotiable warehouse receipt

UG 023456



THE REPUBLIC OF UGANDA

WAREHOUSE RECEIPT SYSTEM ACT OF 2005

WAREHOUSE RECEIPT**Negotiable**

Registration No.

WAREHOUSE KEEPER

CATEGORY

Name

Address

Town

Road/Street

Tel:

E-mail

INSURANCE

Insurer

Policy NumberAddress.....

This is to Certify that the undersigned has received the following goods in apparent good order and condition (Except as noted) subject to the Collateral Manager Warehousing General Terms and Conditions and the Collateral Management Agreement between the Collateral Manager, XYZ Bank.....

for the Account of depositor

Issued to

NUMBER	PACKAGES	SAID TO BE OR CONTAIN	REMARKS

Storage Charges

Currency

Rate:

Signature & Stamp

Warehouse Keeper.

Cross References

Arbitration and Conciliation Act Cap 4.

Insurance Act Cap 213.