

BILLS SUPPLEMENT

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Bill No. 23 *Cooperative Societies (Amendment) Bill* **2022**

**THE COOPERATIVE SOCIETIES (AMENDMENT)
BILL, 2022.**

MEMORANDUM

1. Policy and principles of Bill

The policy behind the Bill is to define beneficial owners for the purposes of cooperative societies; to require cooperative societies to keep a register of beneficial owners; to empower the Minister to make regulations for generally giving effect to the provisions on beneficial ownership and for related matters.

In simple terms a *beneficial owner* is a person who enjoys the benefits of ownership even though the title to some form of property is in another name.

2. Defects in existing law

Uganda's AML/CFT Mutual Evaluation Report (MER) was adopted in 2016. The MER contains an assessment of Uganda's AML/CFT legal and regulatory regime. One of the matters highlighted by the MER relates to the adequacy of the legal provisions dealing with beneficial owners. Uganda needs to review the provisions on beneficial owners in various laws including the Cooperative Societies Act in order for Uganda's AML/CFT legal and regulatory framework to be considered compliant with the FATF Recommendations.

Specifically, Recommendations 24 and 25 of the FATF Recommendations require Uganda to enact provisions to strengthen and implement the system of sanctions for violations of beneficial ownership transparency obligations for legal arrangements including cooperative societies.

Further, Uganda is required to undertake robust legal reforms to address the deficiencies in the existing legal framework on beneficial ownership information of legal persons and arrangements for cooperative societies.

3. Remedies proposed in Bill

The intention of the Bill, therefore, is to amend the Cooperative Societies Act by inserting a new section 12A dealing with beneficial owners for the purposes of cooperative societies; to require cooperative societies to keep a register of beneficial owners; to empower the Minister to make regulations for generally giving effect to the provisions on beneficial ownership and for related matters.

Provisions of Bill

The Bill has one clause.

Clause 1 seeks to amend the Cooperative Societies Act by inserting a new section 12A to provide for a register of beneficial owners and related provisions.

NORBERT MAO,
Minister of Justice and Constitutional Affairs.

A BILL for an Act

ENTITLED

**THE COOPERATIVE SOCIETIES (AMENDMENT)
ACT, 2022**

An Act to amend the Cooperative Societies Act to define beneficial owners for the purposes of cooperative societies; to require cooperative societies to keep a register of beneficial owners; to empower the Minister to make regulations for generally giving effect to the provisions on beneficial ownership and for related matters.

BE IT ENACTED by Parliament as follows—

3. Amendment of section 1 of Cooperative Societies Act

Section 1 of the Cooperative Societies Act, in this Act referred to as the “principal Act”, is amended by inserting in the appropriate place the following definition—

“beneficial owner” means a natural person who ultimately owns or controls a cooperative society or the natural person on whose behalf a transaction is conducted in the cooperative society, and includes a natural person who exercises ultimate control over a cooperative society;”.

4. Insertion of new section 12A in principal Act

The principal Act is amended by inserting immediately after section 12 the following—

“12A. Register of beneficial owners.

(1) A cooperative society with beneficial owners shall keep a register of its beneficial owners and shall enter in the register the following particulars—

- (a) the names and postal addresses of each beneficial owner;
- (b) the national identification numbers (NIN) of the beneficial owners;
- (c) the nature of the beneficial ownership;
- (d) the date on which each beneficial owner was entered in the register as a beneficial owner;
- (e) the date on which any person ceased to be a beneficial owner; and
- (f) any other information as the Minister may prescribe by regulations.

(2) The register of beneficial owners shall be kept at the registered office of the cooperative society except that—

- (a) if the work of making it up is done at another office of the cooperative society, it may be kept at that other office; and
- (b) if the cooperative society arranges with some other person for the making up of a register on behalf of the cooperative society by that other person, it may be kept at the office of that person

at which the work is done but it shall not be kept at a place outside Uganda.

(3) A cooperative society shall send notice to the registrar of the place where its register of beneficial owners is kept and of any change of place within fourteen days after creating the register or changing the place where the register is kept.

(7) The Minister may, by statutory instrument, make regulations generally for giving effect to the provisions on beneficial owners including prescribing penalties for breach of the regulations.

(4) Where cooperative society defaults in complying with subsection (1), (2) or (3), the society and every officer of the cooperative society who is in default is liable to a daily default fine of twenty five currency points.”

