

USE evolution over the years

The Uganda Securities Exchange (USE) started as a labour of love before it received the Government support. Over the years it has significantly grown and is set for expansion. Samuel Sanya, traces this history

Between 1980 and 1985, the Structural Adjustment Programmes and micro-finance were at the cornerstone of public policy – with household savings presumed non-existent, and if there were traces of it, they were recognised as off balance sheet.

Poverty eradication was at the root of public policy and public equity and the 'bond market' for that matter was fiction. In order to put the subject of a second East African stock exchange on the public policy table in Kampala, Dr G. A. Onegi-Obel became a publisher, establishing *The Financial Times* of Uganda – Uganda's first publication dedicated to reporting on the economy – with a bias to open market transactions.

Onegi-Obel, with the help of the World Bank, won a fellowship (Albert Parvin Fellow) to Princeton University to research the capital markets industry – with a view of establishing the Uganda Stock Exchange.

Armed with further experience from the New York Institute of Finance (NYIF), Onegi-Obel sold the newspaper and began the process of mobilising key stakeholders to push for the

establishment of a Uganda Stock Exchange trading platform.

Public opinion began to move in favour of a trading platform in Uganda.

Backed by the Governor of Bank of Uganda, Charles Kikonyogo, Onegi-Obel engaged former central bank Governor, Leo Kibirango, who became market advisor and one Nelson Umah Tete, a former official of Bank of Uganda and African Development Bank. This team became the core lobby for the establishment of what was to become the Uganda Securities Exchange (USE).

According to sources Umah Tete, registered the name "Uganda Stock Exchange" and declined to release it after a fallout. Onegi-Obel then proposed the name Uganda Securities Exchange, which was eventually registered.

Thereafter the Capital Markets Authority (CMA) was formed in 1996 so that USE could be formed a year later. In the same year Onegi-Obel persuaded Jimna Mbaru, of the Nairobi Stock Exchange to sign up Dyer and Blair to the Articles and Memorandum and become a member of the USE. Onegi-Obel became Dyer and Blair's first Ugandan director.

Mbaru's support was crucial, as it gave credibility to the nascent USE. Kibirango became the founding chairperson of CMA and Onegi-Obel the founding Chairperson of the USE – which began operations at his private office on Nkrumah Road.

Uganda Securities Exchange milestones

1997: USE licensed by the Uganda Capital Markets Authority to operate as an approved Stock Exchange in June 1997.

1998: USE's first security, the sh10b, four-year East African Development Bank (EADB) Bond listed in January.

1999: The five-year sh8.3 billion PTA Bond listed in March.

2000: Flotation and eventual listing of USE's first equity, the Uganda Clays Ltd share on January 18. UCL shares were 15% oversubscribed. Flotation of the British American Tobacco (Uganda) Ltd -BATU share through the USE on June 28. BATU shares were 5% oversubscribed and represented the second divestiture of government held shares in a company to take place through the Exchange.

2001: First ever cross-border listing in the East African market of East African Breweries Ltd (EABL) on the Uganda Capital Market on March 27.

2002: Kenya Airways share listed on the Uganda Capital Markets on March 28 becoming USE's second cross listed product.

The first flotation of a commercial bank's shares on the Uganda Capital market occurred on September 2, when Bank of Baroda offered 20% of its stock to the public through the USE. At least 80million shares were on sale in multiples of 100 at sh600 per share. Its shares were 16.7 % oversubscribed. Official listing of Bank of Baroda Uganda Ltd (BOBU) on the USE on November 14.

2003: First tranche (sh24 billion) of the sh54 billion UTL Medium term Note listed on Uganda Capital Market on September 16. The launch of the USE All Share Index on October 23.

2004: Official listing of the second year, sh20b Uganda Government 20% Coupon Rate Treasury Bond on January 15, making it the first government bond to be listed on USE. DFCU group goes public making it Uganda's second financial institution to list on the Uganda Capital Market. New Vision offers 20% of its shareholding for sale to the public,

making it the fifth local company to conduct an Initial Public Offer (IPO) in the Ugandan Capital market. New Vision Limited (NVL) is officially listed on December 16.

2005: Eight-year East African Development Bank (EADB) Bond listed in December 2005.

2006: Official cross-listing of Jubilee Holdings Limited (JHL) on the USE on February 14, making it the first insurance institution to list on the Uganda Capital Market.

2007: Stanbic Bank Uganda is listed on the USE on January 25 following a successful IPO that was 200% over-subscribed.

2008: Cross Listing of Kenya Commercial Bank.

2009: National Insurance Corporation listed.

2010: Cross listing of Nation Media Group. Automation of the Securities Central Depository.

2011: Stanbic bank undertakes a bonus share issue in the ratio of 1:1. Cross Listing of Centum Kenya on the Uganda Securities Exchange.

2012: Equity Bank Kenya cross listed on the Uganda Securities Exchange. Stanbic Bank Uganda lists additional shares to the benefit of its shareholders. Umeme Limited lists on USE following the offer of 622,378,000 to the public at a price of sh275.

2013: African Development Bank (AfDB) lists its second two-year sh12.5b bond to fund strategic projects in Uganda. Uchumi cross listed in the same year.

2014: NIC undertakes a rights issue of 192,000,000 million shares. Later NIC undertakes a bonus issue from which an additional 819,661,942 bonus shares are listed. ADB lists 10-year bond. DFCU Group undertakes a bonus issue in the ratio 1:1. Umeme Limited undertakes a secondary offer at a price of sh340.

2015: Automation of trading through ATS and SCD systems.

2017: Launch of the Easy Portal

INSURING THE PEARL OF AFRICA

Since **1964**, we have been at the forefront in supporting **businesses** to achieve their **full potentials**



Congratulations USE @ 20



"NIC! Insurance world is ours"

www.nic.co.ug