



## ***Strengthening Uganda's Investment Framework | Licensing Reforms for Private Equity and Venture Capital Funds | New Capital Markets Authority Regulations Bring Private Equity Funds into the Fold***

Uganda has enacted two closely aligned regulations that collectively reshape the legal and regulatory environment for private capital—specifically Private Equity (PE) and Venture Capital (VC) investments. The Partnerships Regulations, 2025 operationalize the Limited Liability Partnership (LLP) structure, offering domestic fund sponsors a hybrid vehicle that merges corporate limited liability with the tax transparency of a partnership. This marks a significant step forward in aligning Uganda's legal framework with international fund structuring norms. Following this, the Capital Markets Authority (CMA) issued the Licensing and Approval Regulations, 2025 (“the 2025 Regulations”), which provide a streamlined and structured process for the registration, licensing, and approval of capital markets activities.

The **2025 Regulations** bring **private equity (PE) funds** within the **Capital Markets Authority's licensing framework**, closing a long-standing regulatory gap. Together with the new **LLP regime**, which supports the preferred **limited partnership (LP) fund structure**, these regulations now form the core of Uganda's capital markets legal framework.

### **Regulatory reach and legal form**

Previously, the market operated under the assumption that PE and VC funds had to be incorporated entities to meet CMA requirements.

PE funds may now be established as companies, partnerships, or trusts—reflecting international best practice. One of the most significant shifts in the 2025 Regulations is the recognition of diverse legal structures for private equity funds. The Regulations acknowledge three permissible fund structures, company, partnership or trust, recognising that Uganda's new LLP can serve as the fund's legal vehicle alongside the familiar company and trust deed.

This is a welcome clarification, especially given the global norm of structuring such funds as limited partnerships.

The new approach reflects a more realistic understanding of private capital vehicles.

While the underlying Capital Markets Authority Act still speaks of VC funds in corporate terms, the express mention of “partnership” for PE funds makes clear that an LLP based general partner or fund vehicle will now receive and hold a CMA licence.

### **Approval Pathway**

Approval involves on a broad application process. The sponsor must file Form 5 if it intends to raise money from the public or Form 6 when raising privately. The submission must annex a certified copy of the fund's constitutive document, certificate of incorporation, executed LLP agreement or trust deed, together with a detailed investment strategy, an executed management agreement and the fund manager's written acceptance of appointment. The fund must also present a governing body of at least five members, one third of whom must be independent per Schedule 2, and it must lodge an auditor's letter of consent. An initial filing fee of UGX 750,000 accompanies the application and, once licensed, the fund pays an annual renewal of UGX 1 million.

The Regulations are silent on a specific capital threshold for PE funds, by contrast, VC companies remain bound by the 2022 Accounting and Financial Requirements Regulations, which require minimum paid up capital of UGX 1.5 billion. Until the CMA issues further guidance, the Authority is expected to assess PE vehicles according to the substance of their business plan and their governing body's competence rather than a uniform capital floor.

## Governance and “fit and proper” oversight

Whether the fund is a company, an LLP or a trust, its governing body must retain the required independence ratio throughout the life of the licence. Schedule 2 assesses independence by reference to integrity, competence, freedom from conflicts and financial soundness, and the CMA tests each proposed director, partner or trustee against that standard before issuing its approval. Sponsors accustomed to tightly held boards will therefore need to recruit genuinely external members, since the Authority is unlikely to treat nominal or affiliated appointees as independent.

The Regulations emphasise that licences are non transferable, a Fund Manager Licence must be held by the entity named in the management agreement, and any subsequent change of manager, director or partner demands a formal CMA “letter of no objection” in advance. Every licence must be displayed at each place of business.

## Continuing compliance and enforcement

Once a fund is authorised, it falls under the Authority’s continuing supervision. The fund must file an annual return, pay its renewal fee, update the CMA on any material change to its ownership or control and maintain the integrity of its fit and proper personnel roster. Non compliance can trigger suspension or revocation.

## Interaction with tax incentives

Uganda’s 2024 amendments to the Income Tax and Stamp Duty Acts granted generous incentives, such as stamp duty relief on capital raisings and tax exemptions on certain carried interest flows, to licensed risk capital vehicles. Until now PE funds could not satisfy the “licensed fund” condition; the 2025 Regulations address that obstacle. A PE fund that secures CMA approval and, where appropriate, organises itself as an LLP to ensure pass through taxation can now access the incentive regime on the same footing as a VC fund.

## Immediate considerations for sponsors and investors

Sponsors preparing new funds should draft their LLP deeds or company constitutions with the 2025 Regulations in hand so that governance clauses, independence thresholds and consent mechanics align with CMA expectations. Existing PE vehicles that have previously operated without a licence will need to regularise their status before making further capital calls or investment commitments. Fund managers who already hold a CMA licence should confirm that the scope of their authorisation extends to private equity mandates; those without such a licence must obtain it before executing any management agreement.

## Outlook

The extension of licensing obligations to private equity funds, coupled with the formal recognition of partnership structures, completes the legal foundation for on-shore risk capital deployment in Uganda.

Further clarification is anticipated on minimum capital thresholds for PE funds and on the eventual alignment of VC structures with the flexibility now granted to PE vehicles. For the present, sponsors can proceed with confidence that a compliant Ugandan LLP, governed by an independent board and duly licensed by the CMA, will meet both investor expectations and statutory requirements.

These reforms collectively enhance Uganda’s attractiveness as a destination for private capital, creating a clearer and more efficient legal pathway for structuring and operating PE and VC funds.

For Uganda to fully harness the potential of private equity and venture capital in its development agenda, implementation of these reforms must be accompanied by continued institutional coordination, legal alignment, and investor education

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