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Registries Play a Key Role in Ensuring Transparency in Business Dealings.

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The Uganda Registration Services Bureau (URSB) is mandated to keep a number of registers for the protection of the public. The registers kept by URSB, among others, include: the register of companies, the register of directors and secretaries, the register of debentures and charges, the register of former directors and secretaries, the register of certain company decisions (resolutions), the register of beneficial owners, the register of shareholders, details of bank accounts of entities, the register of physical and postal addresses of business entities, the register of mergers and acquisitions, particulars of persons authorized to act on behalf entities (register of powers of attorney) all kept under the register of companies as governed by the Companies Act, 2012 and regulations made thereunder.

Another register kept by URSB is the register of partnerships—which include general and limited partnerships and the register of business names. These registers contain important information necessary for business decision making. The information contained on registers includes, among others, the legal identity of the business entity, the nature of the business entity, the financial health/indebtedness of the entity, the owners of the business, the persons managing the business, the changes made to ownership, management and identity of the entity over a period of time, the location of the business and any changes in the location of the entity. For partnership firms required to be registered by the Partnerships Act, 2012 under the Business Names Registration Act, Cap 109, the register contains partnerships deeds with details of partners, nature of business, bank accounts and signatories to those accounts. The legal framework for registration of partnerships in Uganda is contained in Partnerships Act, 2012, the Business Names Registration Act, Cap 109 and the Registration of Documents Act, Cap 81.

The overall purpose of business registries is to provide a central platform to the public for conducting due diligence. Smart business decision making requires accurate knowledge of your customer, known as Know Your Customer Diligence (KYD). Transparency in business dealings is critical for the effective functioning of the economy.

Different actors require registry information for various reasons. Banks, suppliers, contractors will seek registry information to identify the identity of their customers, ascertain their level of gearing and assess regulatory compliance levels. Governments and regulators will require business information for tax purposes and to obtain statistical data for planning. Prosecuting agencies will require registry information for gathering evidence in prosecution of offences.

Companies and other business vehicles (partnerships and sole proprietorships) are the engines of economic development. They manufacture products, create jobs, pay taxes, and undertake research and development (R&D) into new inventions that solve numerous human

problems. If not registered and regulated by national governments, however, business entities can turn into facades for fraud, illicit financial flows and other forms of criminal activities.

Registration and regulation of business entities ensures that business is conducted with transparency and integrity and in compliance with national laws, mindful that regulators and the public can access the identities of persons behind entities such as owners and managers, who can be held accountable for any breach of national laws or breach of contractual obligations. The disclosure and transparency created by the register mitigates potential fraud and unauthorized dealings.

As required by Anti-Money Laundering Act, 2013, beneficial owners of legal entities are now required to register their details with the Registrar. At the international level, recommendation 24 of the Financial Action Task Force (FTAF)—a global money laundering and terrorist financing watchdog—requires all countries to implement disclosure requirements for beneficial owners of business entities.

The national and international disclosure framework aims at setting international standards that prevent the misuse of business entities for illegal activities and the harm they cause to society. At the core of these initiatives is the effort to combat money—laundering and terrorism financing—transnational crimes that present challenges to all countries.

Besides fighting money laundering and terrorism financing, the availability of beneficial ownership information (the natural person behind a legal entity or arrangement) is now a key requirement of international tax transparency and the fight against tax evasion.

To address these challenges, all countries must play their role by enforcing national and international disclosure regulatory requirements for all entities—local or foreign.

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