



The  
**Alba**  
**Newsletter**

August 2025

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Empowering Your Legal Journey

# ALBA Advocates Participates in a High-Level Competition Law Conference



On 23rd April 2025, our esteemed Founding Partners, Ms. Anita Nantale and Mr. Ezra Mugabi, proudly participated in the high-level conference on Competition Law, Policy, and Regulation, hosted by AdLegal Uganda in partnership with the Uganda Law Society.

Both Ms. Nantale and Mr. Mugabi were invited as distinguished practitioners in the fields of commercial and corporate law in Uganda, recognized for their contributions to shaping legal and regulatory frameworks in these sectors.

The conference, held under the auspices of the National Bar Association of Uganda, drew a diverse audience, including representatives from government institutions, regulatory authorities, private sector actors, and delegates from across the African continent.

Ms. Anita Nantale spoke on the evolving competition landscape in the Online Travel Agency sector. She also played a key role in the policy recommendation session, where she collaborated with an official from the COMESA Competition Commission to present policy proposals grounded in international best practices.

Mr. Ezra Mugabi contributed to a panel discussion on regulating fintech innovations within mobile money services, offering practical legal insights on how competition law can support financial inclusion and innovation.



*Our Founding Partner, Anita Nantale (Middle) with the rest of the speakers during the session.*

Anita highlighted the importance of regulating Uganda’s fast-growing Online Travel Agency (OTA) sector under the new Competition Act, 2023. She emphasized how similar global regulations have curbed unfair practices like wide price parity clauses, opaque rankings, and exclusive dealing by dominant platforms.

Anita noted that Uganda’s Competition Act presents a timely opportunity to foster fair competition, protect consumers, and support local businesses in the digital travel market.

However, she warned that the absence of supporting regulations has rendered the law unenforceable, calling for urgent amendments and institutional readiness to unlock its full potential.





*Our Founding Partner, Mr. Ezra Mugabi (Middle) with the rest of the speakers during the session.*

Ezra pointed out that for many years, Uganda has been lacking a comprehensive law to regulate competition. This legal vacuum has allowed dominant players in key sectors to operate with minimal oversight, often to the detriment of consumers and smaller market participants.

He also highlighted that one of the most glaring examples is the duopoly in the mobile money and telecommunications sector, where Airtel Uganda and MTN Uganda collectively control nearly the entire market. This concentration of power has led to concerns over price-fixing, poor service delivery, limited innovation, and exclusionary practices that undermine the prospects for fair competition and consumer choice. Smaller players and new entrants find it difficult to compete or gain meaningful market share due to high infrastructure costs, restrictive interoperability practices, and alleged preferential treatment in key regulatory decisions.



# High Court Upholds Validity of Complex Cross-Border Lending Structures Involving Foreign Financial Institutions



**Author:**  
Anita Nantale  
*Partner*

In a landmark judgment delivered on 25th July 2025 in ***Simbamanyo Estates Ltd v Equity Bank (U) Ltd & Others***, the Commercial Division of the High Court clarified the regulatory scope of Uganda’s Financial Institutions Act (FIA) in relation to foreign lending.

## **Court’s Findings:**

- The court held that foreign financial institutions are not prohibited from lending to Ugandan individuals or entities, even if they are not licensed under Uganda’s FIA.
- The amendment to the FIA in 2016 narrowed the scope of regulated “financial institution business” to activities involving money held on deposit. Therefore, cross-border credit arrangements, particularly syndicated lending, are not inherently illegal.

- The plaintiff, Simbamanyo Estates Ltd, had challenged the validity of multi-million dollar loan arrangements, including a \$10 million bridge loan from a Mauritian bank (Bank One), guaranteed by Equity Bank Kenya, and backed by a post-import finance loan from Equity Bank Uganda. The challenge was grounded on alleged illegality, fraud, and breach of contract.
- The court upheld the legality and enforceability of the entire financing structure, including the triggering of the Post-Import Finance Loan by Equity Bank Uganda following a call on the standby letter of credit.
- The judge dismissed the notion that such cross-border financing required approval from the Bank of Uganda, emphasizing that international financing must not be hindered by misinterpretation of local statutes.

## **ANALYSIS OF THE DECISION:**

The court interpreted Section 4 of the pre-2016 FIA purposively, emphasizing that the law was designed to regulate local financial institutions, not foreign credit providers. The 2016 amendment further narrowed the definition of "*financial institution business*" to lending money held on deposit, meaning that foreign credit facilities funded from other sources are outside the FIA's regulatory scope.

Syndicated lending spreads risk and is a well-established financial structure used globally, including in Uganda. The court relied on legal commentary and central bank regulations to justify the legality of these arrangements.

Imposing a licensing requirement would unnecessarily burden the Bank of Uganda and stifle international capital flows, contrary to the objectives of modern trade and financial regulation.

The court found that the Facility Agreement clearly stipulated that the Post-Import Loan would be triggered automatically once the Standby Letter of Credit was called and honored—no request was necessary.

The court also found no breach of notice provisions, since the letter of credit was self-liquidating and did not require borrower consent or prior notice.

## **PRACTICE TIPS:**

### **Cross-border Borrowing is Permitted**

Companies in Uganda can validly borrow from foreign banks or financial institutions without requiring those lenders to be licensed by the Bank of Uganda.

### **Due Diligence is Crucial**

Ensure that all loan agreements and related instruments (like standby letters of credit or debentures) are well-documented, clearly structured, and legally sound.

### **Beware of Syndicated Loan Complexity**

If engaging in syndicated lending, understand the roles of each participant (e.g., lead arranger, agent bank) and the obligations under inter-creditor arrangements.

### **Trigger Events Must Be Understood**

Facilities that are contingent on certain events (like default or expiry of a letter of credit) should have clearly defined triggering mechanisms and borrower responsibilities.

### **Author:**

Anita Nantale,  
Founding Partner, ALBA Advocates

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## UGANDA SECURES FIRST-EVER DATA PRIVACY CONVICTION UNDER DPPA: A WARNING TO DATA CONTROLLERS

The Personal Data Protection Office (PDPO) of Uganda has successfully secured the country's first criminal conviction under the Data Protection and Privacy Act, 2019 (DPPA), marking a major milestone in the enforcement of personal data rights.

Ronald Mugulusi, a director of Nano Loans Microfinance, best known for its 'Quickloan' mobile lending app—was convicted for unlawfully processing personal data without registration or consent.

The charges arose from a complaint that the company had misused borrower information by distributing a video via WhatsApp containing a borrower's name, telephone number, and photograph, with threats to further publish it on TikTok unless outstanding loan payments were made.

Investigations revealed that the misconduct took place over a period stretching from 2023 to 2025, during which the PDPO repeatedly reached out to Mugulusi to comply with registration and data protection obligations. After numerous ignored warnings, the PDPO, working in collaboration with the Criminal Investigations Directorate and the Office of the Director of Public Prosecutions, initiated a formal criminal investigation.

Appearing before the Makindye Standards, Wildlife and Utilities Court on 25 April, Mugulusi pleaded guilty to one count and entered a plea bargain on another. He was fined UGX 300,000 (approximately USD 80) for violating provisions under Cap. 7 of the DPPA.

In its statement, the PDPO emphasized that this landmark case serves as a precedent: *“This conviction sends a strong and clear message that non-compliance with data protection and privacy obligations is a criminal offence and will be prosecuted.”*

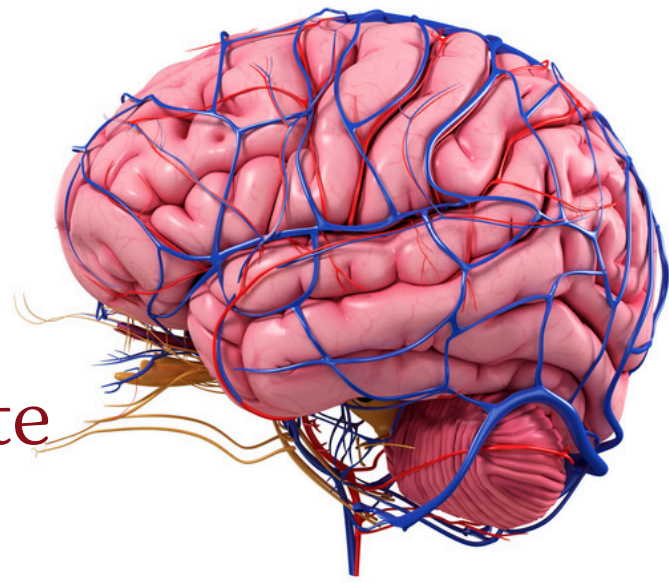


#### **CLIENT CAUTIONS & PRACTICE TIPS:**

- **Register with PDPO:** All data collectors, processors, and controllers must register with the PDPO before handling any personal data.
- **Obtain Consent:** Always obtain express, informed consent from data subjects before collecting or using their data.
- **Establish Internal Compliance Mechanisms:** Ensure your organization has internal protocols for data collection, storage, and processing aligned with the DPPA.
- **Train Staff:** Conduct regular training on data privacy principles and the risks of non-compliance.

This conviction sets a precedent and signals a more assertive enforcement stance by the PDPO. Businesses operating in Uganda—particularly fintechs and digital service providers—should take immediate steps to align with data protection requirements or risk legal consequences.

# Court Upholds Mortgage Sale in Mental Illness Dispute



**Author:**  
Ezra Mugabi  
*Partner*

The High Court of Uganda (Commercial Division) has ruled in favor of Centenary Rural Development Bank in a dispute over the sale of mortgaged property, rejecting the borrower's claim that mental illness rendered her incapable of servicing the loan.

In the case of ***Nalumansi Lilian Dorcus v. Centenary Bank & Joy Kabatsi Kafura (Civil Suit No. 140 of 2022)***, Justice Patience Rubagumya dismissed allegations that the bank's sale of the plaintiff's property was fraudulent, wrongful, or premature. The Court found that the Plaintiff had defaulted on a UGX 100 million staff mortgage loan after losing her job in 2016, and the Bank had followed due process in realizing the security.

Nalumansi had argued that she suffered from a mental disorder between 2017 and 2021, and that the loan ought to have been recovered from her terminal benefits or insurance. However, the Court ruled that she had

not provided sufficient medical evidence from a licensed mental health specialist to support this claim.

Citing Uganda's Mental Health Act, the Court held that a valid diagnosis of unsound mind **must come from a psychiatrist or qualified mental health professional, not a general physician as in this case.**

The sale of the property valued at UGX 140 million and sold for UGX 120 million was also found to be lawful, with no proof of fraud or undervaluation.

However, the Court faulted the Bank for failing to deliver vacant possession to the buyer, awarding the 2nd Defendant UGX 40 million in general damages for the inconvenience caused over several years.

## **Legal Takeaways:**

- Borrowers must update their contact information and formally notify lenders of any hardship or health issues.
- Force majeure defenses—like mental illness—must be backed by certified medical proof from licensed experts.
- Lenders should strictly comply with notice and valuation requirements and ensure proper handover of property after sale.

# About us:



ALBA Advocates comprises four experienced partners, blending seasoned expertise with a fresh, innovative legal approach. We provide tailored, business-oriented legal solutions to meet diverse client needs while prioritizing their best interests. Our team is dedicated to building a strong reputation, achieving growth, and delivering exceptional client service.



**Phone:** +256 200 946 428.

**Email:** [info@albaadvocates.com](mailto:info@albaadvocates.com)

Africourts, 2nd FLloor (Left Wing) Plot107 Buganda Road