

# MTN UGANDA

## CORPORATE COMMUNICATIONS & REGULATORY AFFAIRS

*Legislative Impact Analysis:*

### The Protection of Sovereignty Bill, 2026

#### EXECUTIVE SUMMARY

The Protection of Sovereignty Bill, 2026 (the "Bill") was tabled in draft form on 3rd March 2026. If enacted, it would introduce significant regulatory obligations on persons and organisations acting as "agents of foreigners" in Uganda, a definition broad enough to capture multinational companies including MTN Uganda.

MTN Uganda is a subsidiary of MTN Group, a South African-headquartered multinational. Under the Bill's definitions, MTN Uganda and entities like MoMo Pay could be classified as agents of a foreigner, triggering registration, reporting, funding restrictions, and criminal liability obligations.

This briefing identifies the key provisions of concern, assesses the potential impact on MTN's telecoms and Mobile Money operations, and recommends immediate actions for the Communications, Legal, Regulatory, and Government Relations teams.

#### 1. DOES MTN UGANDA FALL WITHIN THE BILL'S SCOPE?

This is the threshold question. The answer is: potentially yes, and the risk is material.

##### 1.1 The Definition of 'Agent of a Foreigner'

Under Clause 1, an "agent of a foreigner" is broadly defined as any person who acts under the direction, control, or is financed or subsidised by a foreigner. A "foreigner" includes a corporation registered outside Uganda (Clause 1(d)).

MTN Uganda is a subsidiary of MTN Group Ltd (registered in South Africa). MTN Group exercises strategic and financial direction over MTN Uganda, including brand standards, technology platforms, roaming agreements, capital injection, and dividend policy. This creates a prima facie basis for MTN Uganda to be considered an "agent of a foreigner" under this Bill.

Similarly, MoMo Payment Services Uganda Ltd, the fintech subsidiary holding the Mobile Money licence, operates under MTN Group's fintech strategy and technology infrastructure, and could independently attract the same classification.

## 1.2 Activities That Trigger Application (Clause 2)

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Clause 2(2) lists activities that trigger the Act's application. Of particular relevance to MTN Uganda:

- (b) Soliciting, collecting, disburses or dispenses money for or in the interest of a foreigner, Mobile Money facilitates billions of shillings in cross-border transactions, including inbound and outbound remittances.
- (c) Representing the interests of a foreigner before any agency or official of Government, MTN regularly engages UCC, BOU, and other regulators on behalf of Group-level policies and standards.
- (f) Influencing the development of Government policy, MTN Uganda's participation in sector working groups, spectrum policy consultations, and tax policy engagements could be construed as falling within this provision.

The use of digital platforms is explicitly included, capturing MTN's entire digital and Mobile Money ecosystem.

## 2. KEY RISKS BY BUSINESS AREA

### 2.1 Mobile Money (MoMo)

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This is the highest-risk business unit under the Bill. The following provisions directly intersect with MoMo operations:

#### Clause 25 Supervised Institution Obligations

"Supervised institution" is defined as a person licensed to facilitate cross-border transfer of money. MTN MoMo holds a Payment Systems Licence and facilitates cross-border remittances placing it squarely within this definition. Under Clause 25:

- (1) MoMo cannot pay out funds to an agent of a foreigner unless the recipient declares the source of funds and provides proof of ministerial authorisation;
- (2) MoMo must submit monthly reports to the Minister on all funds transferred to agents of foreigners;
- (3) Failure to comply exposes MoMo to a civil penalty of UGX 4 billion (200,000 currency points) per contravention.

Operationally, this is extremely onerous. MoMo processes millions of transactions daily. Determining at point-of-transaction whether a recipient is an "agent of a foreigner" is not technically feasible under current infrastructure. Compliance would require significant systems investment and could materially slow transaction processing.

#### Clause 22 Restrictions on Foreign Funding

Any person acting as an agent of a foreigner cannot receive foreign financial assistance exceeding UGX 400 million (20,000 currency points) per year without written ministerial approval. For MTN Uganda, this could affect:

- (1) Intercompany loans from MTN Group or MTN subsidiaries;
- (2) Inbound investment and shareholder funding;
- (3) Cross-border settlement flows for roaming and international gateway revenues;
- (4) Procurement payments involving foreign vendors.

The threshold of UGX 400 million is extremely low relative to MTN Uganda's business scale, any intra-group capital injection or regional interconnect settlement would likely exceed it.

### **Clause 23 Disruptive Activities Funding**

The sweeping definition of "disruptive activities" (Clause 1) includes disrupting business operations or peace of any person. Any MoMo transaction that is later characterised as funding disruptive activities could expose MoMo and its officers to criminal liability of up to 20 years imprisonment. This introduces transaction liability risk across the entire payments network.

## **2.2 Telecommunications Operations**

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### **Regulatory Engagement & Policy Advocacy (Clause 7 & 8)**

MTN Uganda's engagement with UCC on spectrum allocation, interconnect rates, quality of service standards, and digital infrastructure policy could be caught by Clause 7(3), which requires any person wishing to influence Government policy to channel submissions through the relevant ministry or agency. MTN's current multi-channel advocacy approach, including direct lobbying, industry associations, and media engagement, may need to be formalised.

### **Roaming & International Services**

MTN's international roaming business involves reciprocal agreements with foreign operators. The facilitation of roaming services under agreements directed by MTN Group could constitute acting under the "direction or control of a foreigner" as described in Clause 1. Roaming settlement payments (inbound and outbound) may also attract the foreign funding restrictions of Clause 22.

### **Technology & Systems (Clause 6)**

MTN Uganda relies on MTN Group's shared technology platforms, including, billing systems, and fintech rails. The use of these systems involves ongoing technical direction from MTN Group. Under an expansive reading of Clause 6, this could constitute exercising functions under the direction of a foreigner without Cabinet approval. This is an extreme interpretation, but the legal ambiguity is real.

## **2.3 Corporate Governance & Leadership**

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### **Criminal Liability of Directors (Clause 23(3))**

Where an offence under the disruptive activities funding provision is committed by a legal entity, the director or executive head is deemed to have personally committed the offence. This creates direct personal criminal liability for the MTN Uganda CEO, CFO, and Board members for corporate-level violations. This is a significant governance risk that requires Board-level awareness.

### Clause 5 , Promoting Foreign Interests Against Ugandan Interests

MTN Uganda's obligation to remit dividends to MTN Group, comply with Group-level policies, and protect shareholder value could be framed in an extreme reading as promoting the interests of a foreigner (MTN Group) against the interests of Uganda. While this is unlikely to be the intent of the legislature, the drafting ambiguity creates a risk exposure that should be addressed through dialogue with the Ministry.

## 3. RISK MATRIX: MTN UGANDA

Risk Area	Severity	Clause(s)
MoMo classified as supervised institution under foreign funding restrictions	CRITICAL	Cl. 25
Monthly reporting obligation on all MoMo transfers to agents of foreigners	HIGH	Cl. 25(2)
UGX 400M threshold for foreign funding (too low for intercompany flows)	HIGH	Cl. 22
MTN Uganda classified as 'agent of a foreigner'	HIGH	Cl. 1, 2
Personal criminal liability for CEO/Board under disruptive activities provisions	HIGH	Cl. 23(3)
Policy advocacy activities caught as 'influencing Government policy'	MEDIUM	Cl. 7
Roaming/international settlement flows triggering foreign funding restrictions	MEDIUM	Cl. 22
Reputational risk if MTN is publicly associated with non-compliance	MEDIUM	All