

1 July 2026

Our Ref: AL/UCC/01

The Executive Director  
Uganda Communications Commission (UCC)  
UCC House, Bugolobi  
KAMPALA



Dear Sir,

**RE: DEMAND FOR REVIEW OR IMMEDIATE REVOCATION OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE UGANDA COMMUNICATIONS COMMISSION, MS. MARIAM NDAGIRE AND CENTURY CINEMAX LIMITED**

Reference is made to our Competition Complaint against Century Cinemax Limited which we also copied and served you on the 23<sup>rd</sup> of June 2026 concerning abuse of dominance, anti-competitive agreements, exclusive dealing, exclusive distribution arrangements and constructive refusal to deal in the Ugandan theatrical film exhibition market.

Following the filing of our complaint, additional information and evidence emerged from independent Ugandan film producers through the **National Producers Guild of Uganda (PGU)**, led by its President, **Mathew Nabwiso**. The evidence indicates that the requirement for Ugandan film producers to channel their films through Ms. Mariam Ndagire was not merely a private arrangement between Century Cinemax and Ms. Ndagire, but formed part of an **"Audience Building Programme"** established pursuant to a Memorandum of Understanding with the Uganda Communications Commission.

If that information is accurate, it fundamentally changes the legal landscape of this matter we had initially instituted against Century Cinemax.

The Commission is the statutory regulator charged with promoting fair competition, preventing anti-competitive conduct and ensuring a level playing field within Uganda's communications sector. It is therefore **deeply disturbing** that the Commission itself may have participated in creating or endorsing an arrangement that appears to undermine the very competition framework it is mandated to enforce. This raises serious legal questions requiring immediate explanation.

#### **1.0. THE LEGALITY OF THE ARRANGEMENT:**

Having carefully examined the Uganda Communications Act, the Uganda Communications (Competition) Regulations, 2019, the Competition Act, Cap. 66 and the Competition Regulations, 2025, we have found no statutory provision empowering the Commission to create exclusive market structures, appoint private market gatekeepers, interfere with private commercial negotiations, or confer preferential commercial advantages upon one market participant at the expense of all others.

The only conceivable statutory basis upon which the Commission may seek to justify its participation in the alleged Memorandum of Understanding is **Section 54(a)** of the Uganda Communications Act, Cap. 106, which provides for limited exceptions to the prohibition against anti-competitive practices. However, any reliance on **Section 54(a)** is expressly qualified and restricted by **Section 54(b)** of the Act. The Commission's power is not absolute. Parliament deliberately imposed mandatory safeguards to ensure that any exemption granted does not become a vehicle for creating monopolies or undermining competition.

Section 54(b) expressly provides that the Commission may only permit such conduct where it does not –

- (i) impose on the parties restrictions which are not indispensable to attaining the objective specified under paragraph (a); and*
- (ii) give the parties the ability to substantially reduce competition in respect of the goods or services in question.*

The alleged Memorandum of Understanding fails both statutory requirements.

First, the restrictions imposed are plainly **not indispensable** to achieving any legitimate audience development objective. There is no rational basis for requiring every Ugandan film producer wishing to exhibit a film at Century Cinemax to transact exclusively through a single private individual. The compulsory routing of all Ugandan films through one individual is therefore neither necessary nor proportionate to any legitimate objective contemplated under Section 54(a).

Secondly, the arrangement clearly gives the parties the ability to substantially reduce competition within the meaning of Section 54(b)(ii). The evidence available demonstrates that Century Cinemax, the dominant commercial cinema operator in Uganda, declined to negotiate directly with independent producers and instead required them to engage exclusively through Ms. Mariam Ndagire. The effect of that arrangement is to confer exclusive gatekeeping powers upon one intermediary, foreclose direct market access, exclude competing distributors and aggregators, raise barriers to entry, increase transaction costs, diminish producers' bargaining power, and substantially lessen competition in both the theatrical exhibition and downstream film distribution markets..

Accordingly, even if the Commission were to contend that the Memorandum of Understanding was entered into pursuant to Section 54(a), the arrangement would nevertheless be unlawful because it does not satisfy the mandatory conditions imposed by Section 54(b).

## 2.0. VIOLATION OF THE COMMISSION'S OWN REGULATORY FRAMEWORK:

More troubling still is the fact that the Commission appears to have sanctioned an arrangement that, on its face, violates the very competition laws and regulatory principles that the Commission is legally obliged to enforce.

Among these include;

- a) **Section 53(1) of the Uganda Communications Act and Regulation 6(2) of the Uganda Communications (Competition) Regulations, 2019** prohibit conduct that unfairly prevents, restricts or distorts competition.  
By participating in or facilitating an arrangement that designates a single intermediary for access to Century Cinemax's exhibition platform, the Commission has itself engaged in conduct that unfairly restricts and distorts competition, contrary to the very statutory provisions it is mandated to enforce. The arrangement equally offends **Sections 9(1) and 9(2) of the Competition Act, Cap. 66**, which prohibit agreements and conduct that prevent, restrict or distort competition and constitute an abuse of market power.
- b) **Regulation 7(2)(c) & (3) of the Uganda Communications (Competition) Regulations, 2019** prohibit exclusive supply arrangements.  
The commission is instead facilitating conduct by Century Cinemax and Ms. Ndagire which violates the law on exclusive supply something which leaves the industry wonder how you can violate your own law. The same has the effect of violating **Section 9(1) & 9(4)(b) of the Competition Act, Cap. 66, Regulation 24 of the Competition Regulations, 2025**.
- c) **Regulation 7(2)(b) & (3) of the Uganda Communications (Competition) Regulations, 2019** prohibit exclusive distribution arrangement. The Commission's involvement in the MoU instead makes UCC violate the same law it is mandated to enforce because it has the effect of giving privileges to a single intermediary, thereby excluding competing distributors, distorting competition in the downstream distribution market, and reducing competitive pressure, innovation, and choice within the film distribution ecosystem.
- d) **Regulation 7(2)(d) & (3) of the Uganda Communications (Competition) Regulations, 2019** restricts refusal-to-deal arrangements. The Commission's

involvement in the MoU appears to place UCC in breach of the very law it is mandated to enforce by permitting Century Cinemax to refuse direct commercial engagement with independent producers and instead requiring them to negotiate through a designated intermediary, thereby denying producers direct market access without any objective commercial justification.

- e) Regulation 7(3)(o) of the Uganda Communications (Competition) Regulations, 2019 prohibits practices that create barriers to entry. The Commission's involvement in the MoU instead places UCC in breach of the very law it is mandated to enforce by facilitating the creation of such barriers. Access to the principal cinema exhibition platform is no longer determined by commercial merit but is contingent upon approval through a designated intermediary. This discourages market participation, limits opportunities for emerging producers and distributors, and constrains new entrants from establishing themselves within the industry. The overall effect is a less dynamic and less competitive market structure.

### 3.0. GOVERNMENT FACILITATED MONOPOLIES ARE ILLEGAL:

The Commission's involvement in the Memorandum of Understanding (MoU) has effectively facilitated the creation of a de facto monopoly in favour of Mariam Ndagire by establishing an exclusive intermediary or gatekeeper over access to film exhibition services. As a public regulator, UCC ought not to participate in or facilitate arrangements that eliminate or substantially restrict competition within the sector it is mandated to regulate.

The Constitutional Court of Uganda has previously cautioned against government-facilitated monopolies. In the case of *Spedag Interfreight Uganda Ltd & 3 Others v. Attorney General & The Great Lakes Ports Limited* (Constitutional Petition No. 85 of 2011), the Court declared unconstitutional a government contract that conferred monopoly rights over clearing, forwarding and handling services through the Port of Mombasa.

At page 14 of the lead judgment by Hon. Justice Fredrick Egonda-Ntende, JA , the Learned Judge stated that:

*"I would therefore declare that the act of the respondents executing a contract which purported to vest monopoly rights over clearing, forwarding, and handling services of all imports and exports to and from Uganda through the Port of Mombasa in the 2nd Respondent is inconsistent with and in contravention of Article 40(2) and Article 43 of the Constitution and to that extent, null and void."*

This decision gives the constitutional principle that government or its agencies must neither create nor facilitate monopolistic arrangements that unjustifiably restrict competition. UCC should therefore be mindful of this binding constitutional jurisprudence and refrain from engaging in or endorsing arrangements that have the effect of conferring exclusive market access or gatekeeping powers upon a single private entity.

#### **4.0. UCC IS ACTING CONTRARY TO ITS PREVIOUS INDUSTRY ARBITRAL DECISIONS ON THE SAME CONDUCT:**

It is on record that the Commission has previously issued decisions condemning restrictive and anti-competitive practices of a nature similar to those it is now facilitating under the Cinemax–Mariam Ndagire arrangement.

These decisions consistently warned against conduct that restricts competition, creates exclusive market access, or distorts competitive conditions.

It is therefore deeply concerning that the Commission is now acting in a manner that is inconsistent with its own regulatory pronouncements and enforcement history. This apparent contradiction undermines regulatory certainty, and erodes public confidence in the Commission's impartiality as the sector regulator.

##### *Commission Decision:*

##### *Ubuntu Towers Uganda Limited versus American Towers Corporation Limited and Airtel Uganda Limited (Delivered on 4<sup>th</sup> May 2022)*

In the above dispute, the Commission faulted American Towers Corporation Limited (ATC) and Airtel Uganda Limited for entering into a contract which had clauses bestowed upon ATC a Right of First Refusal (ROFA) which perpetrated exclusive dealing between Airtel and ATC insofar as Airtel was expressly restricted from appointing any other person to build new sites without first offering such sites to ATC.

At page 11 of the decision, the Commission stated that;

*"The Commission further finds that the impugned clauses were unfair and contrary to the law insofar as they restricted the rights of other licensed tower operators from freely negotiating and/or engaging with Airtel for possible business in building new sites, except with ATC's blessing."*

**How does the conduct you condemned in the above-referenced reasoning in your own decision differ in substance from the Memorandum of Understanding you entered into with Cinemax and Ms. Ndagire, which effectively precludes producers from directly engaging Cinemax and instead requires them to route all negotiations through Ms. Ndagire as the sole intermediary for exhibition rights? You conflict yourselves!**

The information now available demonstrates that producers approaching Century Cinemax were informed that they could no longer negotiate directly with the cinema but were required to transact through Ms. Mariam Ndagire, who exercised discretion over negotiations and commercial terms. The effect of this arrangement has been to eliminate direct competition, foreclose market access, increase transaction costs, create barriers to entry and confer exclusive commercial advantages upon a single intermediary.

**Secondly, on page 10, paragraph 2 of the same decision, the Commission held and stated that;**

*"From the above provisions of the law, it is apparent that where an operator, either individually or jointly with another, enter any contract which has the effect of preventing, restricting or distorting competition in relation to any business activity in the communication sector is uncompetitive and prohibited."*

**How does the conduct you condemned in the above-referenced reasoning in your own decision differ in substance from the conduct facilitated in the Memorandum of Understanding you entered into with Cinemax and Ms. Ndagire, which effectively**

has the effect of restricting or distorting competition in the theatrical film exhibition and distribution market?

Thirdly, on page 13 of your 2022 decision, the Commission held and stated that;

*"Picking from the above reasoning, it is the Commission finding that there was no legal justification for Airtel to give Eaton (now ATC), the right of first refusal with respect to orders for new sites for a whopping period of ten years. This provision, by its nature and object, had a direct effect of undermining fair competition in the tower market, insofar as it would expose other tower operators to the unfortunate commercial position of always being considered only after ATC had rejected a particular order."*

In light of the foregoing reasoning in your own past decision, and recent attempt to confer a right of first refusal upon Ms. Ndagire under the Memorandum of Understanding with Century Cinemax, it is regrettable to observe that this approach appears to be inconsistent with the Commission's own decision issued in 2022.

Lastly, the Commission in the *ATC-Airtel decision* cited a wealth of authorities including *Arriva The Sires Ltd v London Luton Airport Operations Ltd [2014] EWHC 64* and *T-Mobile Netherlands BV and Others v. Raad van Bestuur van de Nederlandse Mededingingsautoriteit Case-8/08* which are all against anti-competitive practices which the Commission itself is facilitating in the MoU it executed.

We therefore call upon the Commission to carefully reconsider its 2022 decision in *Ubuntu v. ATC-Airtel*, together with the authorities cited therein, and to assess the principles and outcomes therein against the conduct it is presently facilitating in relation to Century Cinemax and Ms. Mariam Ndagire, in order to determine whether the same legal and regulatory standards are being consistently applied.

It is inconceivable that the regulator entrusted with preventing anti-competitive conduct and who has issued decisions against the same would itself facilitate or

endorse an arrangement that appears to amount to exclusive dealing, exclusive distribution, market foreclosure and constructive refusal to deal.

#### **5.0. OVERALL EFFECT:**

The Memorandum of Understanding raises serious concerns of abuse of statutory power, regulatory overreach, conflict of interest, regulatory capture, and failure to exercise statutory powers consistently with the objectives of Uganda Constitution and the recent competition framework under the Competition Act and Regulations.

The practical consequences are already evident. Independent Ugandan filmmakers are denied direct access to the country's principal commercial cinema platform, are compelled to negotiate through a single intermediary, incur unnecessary costs, lose bargaining power and are excluded from competing on equal terms. The arrangement suppresses innovation, discourages investment, limits consumer choice and undermines the development of Uganda's creative economy.

#### **6.0. REQUESTS AND DEMANDS:**

Accordingly, we demand that the Commission, within five (5) days of receipt of this letter to:

1. Explain how a regulator mandated to licence, supervise, control, and regulate communications services can properly enter into a commercial arrangement with an operator it regulates, where such arrangement appears to authorise or facilitate conduct that is prima facie inconsistent with its statutory mandate, constitutional principles, and applicable competition law.
2. Explain how the arrangement complies with the Uganda Communications Act, the Uganda Communications (Competition) Regulations, 2019, the Competition Act and the Competition Regulations, 2025 together with the previous UCC decisions on the same.

3. Explain why the Commission considered it lawful to facilitate an arrangement that appears to confer exclusive commercial privileges upon a single market participant.
4. **IMMEDIATELY REVOKE**, suspend or terminate the Memorandum of Understanding.
5. Direct Century Cinemax to cease relying upon the arrangement and restore equal, fair and direct access to all Ugandan film producers.

**TAKE NOTICE** that should the Commission fail to respond within **five (5) days**, we shall, without further notice, institute appropriate legal proceedings before the **Ministry of Trade, Industry and Cooperatives** and the competent **courts of law** seeking declarations that the Memorandum of Understanding is unlawful, ultra vires, null and void, together with all consequential reliefs, including judicial review orders, injunctive relief, declarations, costs and any other remedies available under the laws of Uganda.

Yours faithfully,



**ADLEGAL**

cc. Managing Director, Century Cinemax