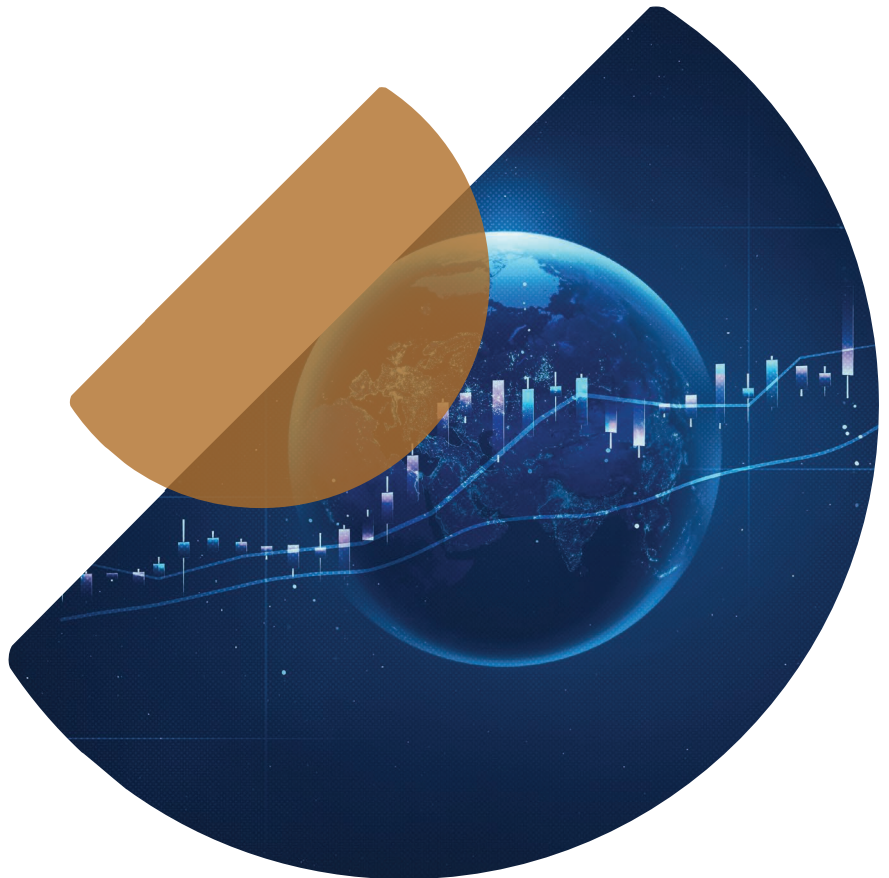




LISTING ON THE **GSE**

WHO? WHY? HOW?



The background of the page is a photograph of a modern city street at sunset. The sky is a mix of orange and blue, with the sun low on the horizon. In the foreground, several people are walking away from the camera, their figures silhouetted against the bright light. The buildings are tall and modern, with glass facades that reflect the light. The overall mood is professional and forward-looking.

INTRODUCTION

Whether your company is prospering or facing difficulties, or whether you want to expand or replace obsolete equipment, the need for long-term financing is critical. One way of obtaining such funds is to go public and list on the Ghana Stock Exchange.

To go public or not is one of the most far reaching decisions that owners of private companies can make. Whilst there is a wide range of benefits that private companies and their shareholders can obtain from going public, there are also certain obligations particularly with regards to disclosure of information. This brochure, one in a series published by the Ghana Stock Exchange (GSE), is designed to show you the benefits of your company going public and also how to get your company listed on the GSE.

Other brochures currently available from the Ghana Stock Exchange include the following:

- 1. How to buy and sell shares at GSE**
- 2. Information Bulletin for Non-resident Ghanaians and Foreigners.**
- 3. How to buy and sell bonds at GSE**
- 4. Ghana Alternative Market (GAX)**

WHAT IS A PUBLIC COMPANY?

For a company to have its securities listed on the GSE, it must first be registered as a public company limited by shares under the Companies Act, 2019 (Act 992) or a unit trust or mutual fund. A public limited company may be defined as a company which:

- Is registered with shares;
- Has no restriction on the transferability of its shares;
- Has no limitations on the number of shareholders and/or debenture holders; and
- Can make invitations to the public to acquire any of its shares or bond issued.

BENEFITS OF A PUBLIC LISTED COMPANY

There are many benefits that accrue to public companies who in addition are listed on a stock exchange. These include:

1. EASIER ACCESS TO LONG-TERM CAPITAL

Going public enables the company to raise long-term capital by issuing securities to the public. Going public thus provides access to numerous investors (individuals & institutions, local or foreign) who in aggregate, have a significant amount of funds to invest. The ability to raise funds from the investing public by the issue of securities is perhaps the most valuable of all the benefits that accrue to public companies. The raising of such capital allows for future expansion, growth and greater ability to stand competition.

2. IMPROVEMENT IN THE FINANCIAL POSITION OF THE COMPANY.

An immediate benefit enjoyed by the newly-registered public company is the considerable improvement in its overall financial position. The injection of substantial equity funds, for example, greatly improves the company's financial position. With such capital injection and good management, higher earnings, and dividends are almost certain to follow.

3. ENHANCED STATUS IN THE COMMUNITY

Going public will raise the level of the investing community's awareness of the company and its products. This can result for example in a greater ability to attract high caliber employees and increase general business opportunities. Public companies also benefit from access to the useful information brought to them by their advisors, financial analysts, stock brokers and shareholders.

4. PROVISION OF INCENTIVES FOR EMPLOYEES

For both existing employees and prospective ones, the ability of companies to offer share options and employee share ownership schemes is a key advantage of public companies.

THE INVESTING PUBLIC AND THE EXISTING SHAREHOLDERS ALSO DERIVE SOME BENEFITS WHEN PRIVATE COMPANIES GO PUBLIC. THESE INCLUDE:

- **PROVISION OF AVENUE FOR INVESTMENT**

Public companies offer the investing public, including institutional investors and pension funds, an attractive avenue for investment by virtue of the liquidity of the listed securities.

- **FREEDOM TO DIVERSIFY INVESTMENT**

By going public, existing shareholders are put in a position to diversify their interest and invest in other assets elsewhere.

- **TRANSFERABILITY OF SHARES**

A private company restricts the right to transfer its shares. Shares in a private company can generally only be sold to other existing shareholders. Shares in public companies are on the other hand, freely transferable. Therefore liquidity is far higher in listed securities than private unlisted ones.

- **REALIZATION OF INVESTMENTS**

A key benefit that shareholders in private companies derive from going public is the ability to establish a market value of the shares, thereby enhancing readability.

HOW DOES MY COMPANY GET LISTED?

- First the shareholders must meet and agree (pass a resolution) to change from a private company to a public one limited by shares.
- The company with the help of external solicitors or in-house lawyers prepare a new company regulations which conforms to that of the Companies Act and also meets the listing requirements of the Ghana Stock Exchange.
- The new Regulations are discussed with the GSE and if found satisfactory, filed with the registrar of Companies.
- The company's board will also have to appoint a team of advisors to assist the company to prepare its offer document. The team will include brokers, lawyers, reporting accountants, financial valuation advisors etc.
- The draft reports of the advisors are then discussed. Key decisions such as price of the share to be sold, the proportion of shares of the company to be sold, etc. will have to be taken by the shareholders.
- An application to list on the GSE will have to be submitted and at the same time the draft public offer prospectus will have to be submitted to the Securities & Exchange Commission (SEC) for approval.
- Once the regulatory approvals in the above are obtained, a date is set for the launch of the public offer.
- At the end of the offer, if it is successful, allotment is done and applicants are advised.
- The company then agrees on a date for the commencement of trading its shares on the GSE.

LISTING ON THE GHANA STOCK EXCHANGE

A company is said to be listed when its securities are approved to be bought and sold on the Stock Exchange. Newly issued shares cannot trade in the Over-The-Counter (OTC) Market before getting listed on the GSE. In order to get your newly issued shares listed on the GSE, you need to communicate this intension early to the GSE and work with the Exchange so that your prospectus will satisfy the Exchange's listing requirements before the public flotation.

CAN MY COMPANY QUALIFY FOR LISTING?

There are certain requirements that a company must meet in order to qualify for listing on the Exchange. These requirements are stipulated in the GSE Rules Book. Many companies will meet these qualifications.

To make it possible for many companies to list on the Exchange, there are two equity lists with fairly easy requirements:

- The Main Market
- The Ghana Alternative Market (GAX)

LISTING REQUIREMENT FOR SHARES

A company applying for listing on the Main Board of any class of its shares is, as a general rule, expected to meet the following requirements:

- **MINIMUM STATED CAPITAL**

It must have a stated capital after the public floatation of at least GH¢1 million in the case of an application relating to the Main Market and GH¢0.25 million for the GAX.

- **MINIMUM PUBLIC FLOAT**

Shares issued to the public must not be less than twenty-five per cent (25%) of the number of issued shares of the company.

- **PAYMENT SHARES**

Shares must be fully paid for. Except in very exceptional circumstances, the Exchange will refuse listing in respect of partly paid shares.

- **SPREAD OF SHARES**

The spread of shareholders existing at the close of an offer should be in the GSE's opinion adequate with at least 100 shareholders after the public offer for the Main Market and 20 for the GAX.

LISTING REQUIREMENT FOR DEBT SECURITIES

A company or institution seeking the admission of debt securities to the GSE may be considered for such admission if the security concerned has a total issue amount of not less than GH¢500,000 face value and there are at least 5 holders of such securities.

In the case of government securities, there is no prescribed minimum in respect of either amount of issue or number of holders to permit admission to the GSE's list.

Debt securities for which listing is sought shall be created and issued pursuant to a Trust Deed duly approved by Securities and Exchange Commission.

ADDITIONAL REQUIREMENT FOR LISTING

The following additional requirements apply to both applications for listing of equities and debt securities.

- **PERIOD OF EXISTENCE**

For a company's securities (whether equity or debt) to be eligible for admission to the GSE, the company must have published or filed audited accounts in accordance with the Company Act, 2019 (Act 992), for at least three years immediately preceding the date of its application for listing. For the GAX, in respect of shares, the period is one year.

- **PROFITABILITY**

Profitability must have been reasonable through the period stated above or the company must have strong potential to be profitable.

- **CONDITIONS RELATING TO DIRECTORS AND MANAGEMENT OF APPLICANT**

There must have been continuity in the management of a company seeking admission to the GSE.

The character and integrity of the directors and management of the company will be among the criteria taken into accounts by the Council of the Exchange. At least 50% of the Board must be non-executive directors and of this number at least two (2) or 25% shall be independent.

WHAT INFORMATION MUST MY COMPANY PROVIDE TO THE EXCHANGE WITH MY ORIGINAL LISTING APPLICATION?

The listing rules specify the information that is to be provided in an original listing application. The application requires information in the following areas:

- Background of the company – (history, type of business)
- Capitalization and share distribution – (authorized and issued capital, distribution of shareholding etc.
- Directors and key management staff
- Long-term and funded debt – (financing arrangement, interest rates, maturity dates, etc.)
- Investments and properties;
- Competition and industry;
- Profit and loss record for three years or one year as the case may be;
- Dividend records and;
- Other information – (fiscal year end, date or annual meeting pending legal actions, etc.)
- A copy of the prospectus submitted to the SEC.

The objective of the information requirement is to provide sufficient information to investors on a consistent basis so that they can make informed investment decision.

It is the responsibility of the sponsoring Licensed Dealing Member to verify all the information provided by the company and then file with the Exchange all the necessary documentation to support the application.

WHAT ARE THE STEPS REQUIRED IN THE ADDITIONAL LISTING PROCESS?

Listed companies can issue new securities and seek additional listing on the Exchange.

A listed company is, however, not permitted to issue or to authorize its Registrars to issue or register additional securities of the class listed until after it has filed with the Exchange an application for listing of the additional securities and has been notified by the Exchange that they have been authorized for listing.

The following steps are to be taken by a company seeking additional listing.

- The company decides to issue additional securities, get the relevant resolution passed and make the appropriate announcement to the Exchange
- The company submits listing application to the Exchange together with supporting papers
- The Exchange approves in principle an additional listing application
- The company fixes relevant books, closing dates and makes public announcements to the Exchange with respect to such dates
- The offer circular is sent to all shareholders or as may be required
- At the close of offer, results are announced and GSE informed
- The GSE commences trading in the new share alongside existing ones.

WHAT INFORMATION MUST MY COMPANY CONTINUE TO REPORT TO THE EXCHANGE?

Information required on an on-going basis for compliance purposes is your financial statements on quarterly basis (for Main Market) and half yearly for GAX. The timely disclosure of any information material to an investor in deciding whether or not to invest in your company's shares or stocks is important.

WHAT IF I FAIL TO PROVIDE THE REQUIRED INFORMATION?

Your company's continued listing with the Exchange is subject to on-going compliance with the continuing listing obligations. The SEC may also apply penalties. Non-compliance can lead to your company's securities being suspended from listing or being delisted. The action would be in addition to any fines imposed by the Exchange.

WHAT IS IT GOING TO COST ME TO LIST ON THE EXCHANGE?

The GSE Rule Book makes provisions for various fees. Most fees are based on the value of the company. The fees payable also depends on whether the applicant company is a member or not. These fees include application fees, listing fees and annual fees.

LICENSED DEALING MEMBERS (LDMs)

1. AMBER SECURITIES LTD

Registered Offices: 2nd Floor, Heritage Tower,
6th Avenue Ridge Ambassadorial Enclave, Accra

Telephone: 233-302-679761/2
Fax: 233-302-679698
E-mail: securities@amber.com.gh
Website: www.amber.com.gh
Postal Address: PMB 45 Ministries Accra

2. BULLION SECURITIES LIMITED

Registered Offices: The Octagon, Suite B904,
Barnes Road, Accra, Ghana

Telephone: 233-54-0113508
E-mail: trading@bullion.com.gh
Website: www.bullion.com.gh

3. CHAPEL HILL DENHAM SECURITIES GHANA LIMITED

Registered Offices: Suite 2, The Labone Office Park,
N. Sithole Street, Labone

Telephone: 233-302-766865
Fax: 233-302-771346
E-Mail: ghana.info@chapelhilldenham.com
Website: www.chapelhilldenham.com

4. DATABANK BROKERAGE LTD

Registered Offices: 61 Barnes Avenue, Adabraka, Accra, Ghana

Telephone: 233-302-610610
Fax: 233-302-669100
E-mail: equities@databankgroup.com / info@databankgroup.com/
fixedincome@databankgroup.com
Website: www.databankgroup.com
Postal Address: P.M.B Ministries Post Office, Accra, Ghana

LICENSED DEALING MEMBERS (LDMs)

5. EDC Stockbrokers Limited

Registered Offices: 2nd Floor, Ecobank Head Office Building,
2 Morocco Lane, Off Independence Avenue

Telephone: 233-302-610400

E-mail: esl@ecobank.com

Website: www.ecobank.com/swam

6. TEAK TREE BROKERAGE LIMITED

Registered Offices: 2nd Floor, C625/3 Farrar Street,
Asylum Down, Accra

Address: P.O.BOX AN 5879, ACCRA-NORTH

Telephone: 233-302-978838/9

E-mail: info@ttbghana.com

Website: www.ttbghana.com

7. PRUDENTIAL STOCKBROKERS LIMITED

Registered Offices: No 8 John Harmond Street,
Ring Road Central, Accra

Telephone: 233-302-610610

Fax: 233-302-768046

E-mail: info@prudentialstockbrokers.com

Website: www.prudentialstockbrokers.com

Postal Address: P. O. Box CT 628, Cantonment, Accra

8. SERENGETI CAPITAL MARKETS LIMITED

Registered Offices: 5 Abafun Crescent, Labone, Accra
Post GPS: GL-026-9470

Telephone: 233-559-354050

E-mail: ragbesi@serengeticapital.com

Website: www.serengeticapital.com

Postal Address: P. O. Box CT 2868

LICENSED DEALING MEMBERS (LDMs)

9. FIRSTBANC BROKERAGE SERVICES LTD.

Registered Offices: #7 Volta Street Off Patrice Lumumba Street,
Airport Residential Area

Telephone: 233-302-781489/781484/780402

E-mail: brokerage@firstbancgroup.com

Website: www.firstbancgroup.com

Postal Address: P .O. Box 1464 Osu, Accra

Winslow Sackey Sackeyfio

10. CDH SECURITIES LIMITED

Registered Offices: 36 Independence Avenue, North-Ridge, Accra

Telephone: 233-302-671050/0244974256

Fax: 233-302-662167

E-mail: cdhsecurities@cdhgroup.co / info@cdhgroup.co

Website: securities.cdhgroup.co

Postal Address: P.O.Box 14911, Accra

11. WORLDWIDE SECURITIES LIMITED

Registered Offices: 80 Ringway Link, Yeboah Afari Plaza Osu.

Telephone: 233-302-256001/2 233-302-764878/9

Fax: 233-302-764580

E-mail: info@worldwidesecurities-gh.com

Website: www.worldwidesecurities-gh.com

Postal Address: P. O. Box 01072 Osu, Accra

12. NTHC SECURITIES LIMITED

Registered Offices: Martco House, Okai-Mensah Link,
Off Kwame Nkrumah Avenue Adabraka-Accra

Telephone: 233-302-235814/ 302-235616

Fax: 233-302-229975

E-mail: info@nthc.com.gh/securities@nthc.com.gh

Website: www.nthc.com.gh

Postal Address: P.O. Box KIA 9563, Airport - Accra, Ghana

LICENSED DEALING MEMBERS (LDMs)

13. BLACK STAR BROKERAGE LIMITED

Registered Offices: The Rhombus, Plot 24 Tumu Avenue, Kanda - Accra.

Telephone: 233-302-227698/ 233-269-012542

E-mail: info@blackstarbrokerage.com.gh

Website: www.blackstarbrokerage.com.gh

Postal Address: PMB 59, Osu, Accra

14. SBG SECURITIES LTD

Registered Offices: 8th Floor, Stanbic Heights, 215 South Liberation Link, Airport

Telephone: 233-302-610690

Fax: 233-302-687669

E-mail: brokerage@stanbic.com.gh

Website: www.stanbicbank.com.gh

Postal Address: P.O. Box CT 2344, Cantonments, Accra

15. IC SECURITIES (GHANA) LIMITED

Registered Offices: No. 2, 2nd Ridge Link, North Ridge, Accra

Postal Address: PMB GP 104, Accra

Telephone: 233-302-252621/3

Fax: 233-302-252517

E-mail: gse@icsecurities.com

Website: www.icsecurities.com

16. SIC BROKERAGE LIMITED

Registered Offices: NO .67 A&B Switchback Road Cantonments

Telephone: 233-302-940056/940021

E-mail: trader@sicbrokerage.com

Website: www.sicbrokerage.com

Postal Address: PMB CTPMB CT 314 Cantonments, Accra-Ghana

LICENSED DEALING MEMBERS (LDMs)

17. REPUBLIC SECURITIES GHANA LTD

Registered Offices: 48A Sixth Avenue, North Ridge, Accra

Telephone: 233-302-940056/940021

E-mail: securities@republicghana.com

Website: www.republicinvestmentsgh.com/republicsec/

Postal Address: P.O. Box CT 4603, Cantonments, Accra

18. UMB STOCKBROKERS LTD

Registered Offices: 57 Dr. Isert Street, North Ridge

Telephone: 233-302-251137

Fax: 233-302-251138

E-mail: stockbrokers@umbcapital.com

Website: www.umbcapital.com

19. STRATEGIC AFRICAN SECURITIES LTD

Registered Offices: 14th Floor, World Trade Centre Accra

Address: P. O. Box KA 16446, Airport, Accra

Telephone: 233 540116760 / + 233 302 661770 / 66190/ 661008

Fax: 233-302-663999

E-mail: info@sasghana.com; brokerage@sasghana.com

Website: www.sasghana.com

20. SARPONG CAPITAL LTD

Registered Offices: 2 Almond Avenue and 21 Boundary Road
Opposite Dufie Court, Off Boundary Road, East Legon,

Address: P. O. Box KA 16446, Airport, Accra

Telephone: + 233 540 122295/ +233 245 222934

E-mail: compliance@sarponcapital.com

Website: www.sarponcapital.com

For further information, contact Marketing and
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