

GHANA
STOCK
EXCHANGE

DEALING MEMBERSHIP RULES

Dated 2006

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PART i

ELIGIBILITY AND CONDITIONS FOR MEMBERSHIP OF THE GHANA STOCK EXCHANGE

1. Granting of Rights

The Council of the Ghana Stock Exchange grants the right of membership on application and upon consideration by it. The right may be granted to a company incorporated under the Companies Code 1963, (Act 179) which has a current licence from the Securities and Exchange Commission as an Investment Advisor and Dealer.

2. Qualification of a company for membership of Stock Exchange

A company shall not qualify to be admitted as a licensed dealing member of the Ghana Stock Exchange unless

- (a) its regulations have been approved by the Council of the Stock Exchange,
- (b) all its directors have recognised academic or professional qualifications or experience in banking, law, accountancy, economics, business administration, secretarial practice, dealing in securities or any other relevant qualification or experience acceptable to the Council,
- (c) each of its directors is, in the opinion of the Council, a person of good repute and character and has high business integrity,
- (d) its sole business is dealing in securities and business activities relevant to such dealings,
- (e) it has the required financial resources to meet its obligations as a member of the Stock Exchange,
- (f) its issued capital consists of fully paid shares and it has a minimum stated capital of one billion cedis (or GH¢100, which amount may be varied by the Council of the Exchange, and
- (g) it has at the time of application, a minimum liquid assets value of 800 million cedis (or GH¢ 80,000) or any other sum determined by the Council of the Exchange. Minimum liquid assets include near cash and listed shares.

3. Application for membership of the Stock Exchange

- (1) An application for membership of the Ghana Stock Exchange shall be in writing on a form prescribed by the Council, to the Managing Director of the Exchange.
- (2) The application shall be submitted together with
 - (a) a copy of the applicant company's regulations, and
 - (b) a copy of the resolution of the board of directors empowering the board or the representatives of the applicant company to act, engage and deal on behalf of the company.
- (3) The applicant may also submit with the application, other materials or references of credit as evidence of its financial capacity, technical competence, integrity and reputation.

4. Procedure for admission.

- (1) The Managing Director shall put the application before the Council for consideration together with any material produced by the applicant or collected by the Exchange.
- (2) The Council at its meeting may by a majority decision
 - (a) accept or reject the application,
 - (b) impose other conditions, subject to which the application may be accepted, or
 - (c) may make any order which it considers necessary or expedient.
- (3) The Exchange shall respond to the application no later than ninety (90) days after its submission and the Managing Director shall post a notice on the board of the Exchange on the admission of a new member no later than seven (7) days after approval.
- (4) An applicant shall be issued with a Licensed Dealing Member (LDM) licence on admission upon payment of the admission fee and first annual subscription.

Membership

- (5) On admission but prior to commencement of trading on the floor of the Exchange, an LDM must be issued with a certificate of specification and a letter of recommendation by the Exchange after the Exchange has carried out an inspection as specified in sub-rule

- (6).
- (6) The Exchange's Surveillance Department shall carry out an inspection of the member's premises to ascertain, among other things, the adequacy of the following:
- (i) office premises and evidence of title to the premises or lease agreement in respect of the premises;
 - (ii) security arrangements provided for the premises including insurance, fire equipment, safe; (iii) communication facilities; (iv) brokerage software and systems;
 - (v) procedures manual;
 - (vi) liquid capital;
 - (vii) staff offices and client service area; and
 - (viii) full-time qualified Authorised Dealing Officer (ADO).

5. Period of membership

- (1) Membership of the Exchange shall continue until it is suspended or revoked by the Exchange or until a member resigns in accordance with the rules of the Exchange.
- (2) Where an application for membership of the Exchange is rejected by the Council, or a member is suspended or expelled in accordance with the regulations and rules of the Exchange, or under any existing law, the Managing Director of the Exchange shall within 7 days of the rejection, suspension or expulsion forward to the Securities and Exchange Commission a written statement of the grounds for the action taken.

Membership

6. General conditions for an admitted company

A Licensed Dealing Member, throughout its term of membership, shall

- (a) not without the written approval of the Council, effect any change in its company regulations,
- (b) not go into voluntary liquidation without giving the Council at least 30 days' prior written notice of its intention to do so,

- (c) promptly notify the Council of the death of any director and of the fact that any person has ceased for any reason to be its key shareholder or director,
- (d) not appoint a director to its board without prior notice to the Council and shall give prior notice of any resignation by any of its directors to the Council,
- (e) at all times, have not less than two directors but a sole surviving director may apply to the Council for permission to carry on its business for a period not exceeding 4 weeks,
 - (f) have as its sole business, the business of a stockbroker or dealer in securities and that of engaging in associated business activities and it shall not engage in any other business nor have any direct or indirect interest in another company without the prior written approval of the Council,
- (g) file with the Exchange a copy of the Annual Report required, under the Companies Code 1963, (Act 179) to be filed with the Registrar of Companies and any other document required by the Council to be filed,
- (h) adhere to the principles of good business practice in the conduct of its business affairs,
- (i) submit to the Exchange, quarterly and annual returns, and any other returns or reports that it is requested by the Exchange to submit,
- (j) have at least one (1) Authorised Dealing Officer and shall not operate without an Authorised Dealing Officer for a period exceeding three (3) months,

(k) have its license withdrawn if the three months period in (j) above is exceeded, and

(l) be active in its business to an extent acceptable to the Exchange, including being active in sponsoring companies to the Exchange's Official Lists and in business on the Trading Floor.

7. Cessation of membership

A member ceases to be a

member:(a) by resignation; or

(b) by expulsion.

8. Resignation of membership

(1) A member who intends to resign from the membership of the Exchange shall give the Exchange a written notice at least 30 days before the date of the intended resignation and a copy of the notice shall be posted on the notice board of the Exchange by the Managing Director of the Exchange.

(2) Any member objecting to a resignation that has been notified shall communicate the grounds of its objections to the Council in writing within 15 days of the posting of such notice.

(3) The Council, at its meeting to consider such a resignation, may accept either unconditionally or on conditions that it considers appropriate or may refuse to accept such resignation until it is satisfied that all outstanding transactions, including debts of the member have been settled.

(4) A resignation shall not relieve a member from any liabilities arising under the rules and regulations of the Exchange and the Council may require the member resigning to enter into an agreement and undertaking with the Exchange that the Council decides.

9. Expulsion from membership

(1) The Council of the Exchange may cancel the admission of a member and expel the member if the member had in its application or at any time during the consideration of its application for admission:

- (a) made willful misrepresentation;
 - (b) suppressed material information required in respect of its character; or
 - (c) directly or indirectly given false particulars or information or made a false declaration.
- (3) A member may also be expelled if that member
- (a) fails to pay its admission fee and or first annual subscription within one month from the date of admission,
 - (b) fails to pay its annual subscription within three months after it has fallen due,
 - (c) is declared in default of the provisions of the GSE Rule Book and the Council or the Dispute Resolution Committee has determined that such default is so grave as to merit expulsion,
 - (d) is unable to pay its debts resulting in a winding-up action and the appointment of a liquidator or receiver for the member,
 - (e) loses its licence as an investment dealer from the Securities and Exchange Commission,
 - (f) fails to take adequate insurance cover required for its level of business or prescribed by the Exchange,
 - (g) is found by a court of competent jurisdiction to have acted fraudulently, or
 - (h) fails to comply with regulations 80 and 81 of these Rules before commencing court action against the Exchange or another member or any of its clients.
- (4) A member may be expelled for any other reason that the Council of the Exchange determines.

10. Effect of expulsion or resignation.

- (1) Where a member is expelled or resigns, the member shall cease to be a member of the Exchange with the consequent loss of the rights and privileges of a member but any right of other members against that

member accrued prior to such expulsion or declaration shall remain unimpaired.

- (2) The Council shall notify or cause to be notified to the public that the member concerned has ceased to be a member of the Exchange.

11. Power of admission and re-admission to membership.

- (1) The power of admission or re-admission to membership of the Exchange is discretionary and shall be exercised solely by the Council.
- (2) A decision of the Council under sub-rule (1), shall not be disputed or challenged by any person.
- (3) The Council shall provide the applicant or former member with reasons for refusal to admit or re-admit such applicant or former member if a formal request for the reasons is made.

12. Authorised Dealing Officers.

- (1) A member shall be entitled to be represented in respect of its business by an Authorised Dealing Officers who alone will be given access to the Exchange "floor" by the Exchange.
- (2) A member shall not employ or designate any person as its Authorised Dealing Officer unless that person has been approved by the Council as an Authorised Dealing Officer,
- (3) No restrictions imposed by a member on the authority of its Authorised Dealing Officer shall affect the liability of the member arising from transactions on the Exchange.
- (4) An Authorised Dealing Officer shall be regarded by the Exchange as authorized by a member to conduct its business and to bind it to an unlimited extent.

13. Application for approval as an Authorised Dealing Officer

- (1) A member who desires to appoint an Authorised Dealing Officer shall apply to the Exchange on such form and pay such fees as prescribed by the Council.

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- (2) The Managing Director or his nominee shall interview the candidate and may before or during the interview obtain any requisite information, including the views of any present or past employers or both or business associates.
- (3) The application shall be placed before the Council for a decision.
- (4) An application relating to a candidate who previously had been acting as an Authorised Dealing Officer to another member shall be accompanied by a copy of the letter of resignation written to the former employer.
- (5) An Authorised Dealing Officer who is employed by a member immediately upon leaving another member shall not be required to submit a fresh application. He shall inform the Exchange in writing and attach a copy of his letter of resignation to his former member employer and a letter from the former member employer confirming that he or she is no longer employed by them.
- (6) Where a copy of the letter of resignation is not attached to an application as provided under sub-rule (4) of this regulation, the applicant shall submit its explanation and the Council shall then decide whether, and on what conditions, the requirement relating to the copy of the letter of resignation shall be waived.
- (7) Where there is a dispute between the former and present member employers of an Authorised Dealing Officer, the Council shall determine the matter upon the reasons adduced.
- (8) The Council decisions in this rule shall be binding and it shall not be obliged to give any reason for its decisions.
- (9) Where an Authorised Dealing Officer has not been practising as such for a period, there shall be conducted, upon his application to resume such practice, an interview, or a number of trading attendances, or a written examination, or any combination of these as the Exchange shall deem appropriate.
- (10) On the approval of the appointment of an Authorised Dealing Officer, his name shall be entered in the Register maintained by the Exchange for the purpose.

14. Qualification for approval as an Authorised Dealing Officer

- (1) No person shall be appointed as an Authorized Dealing Officer without approval as an Investment Dealer's Representative by the Securities and Exchange Commission.
- (2) No person shall be appointed as an Authorized Dealing Officer without the prior approval of the Exchange.
- (3) No member shall appoint any person as its Authorised Dealing Officer if that person has been suspended or expelled by the Exchange.
- (4) In determining a candidate's acceptability for appointment, the Exchange shall look for evidence of:-
 - (a) the integrity of the candidate and a record of high standard of business conduct, as shown in the investigations and observations of his employer, previous employers, educational institutions attended and other relevant references;
 - (b) relevant educational or professional qualification the minimum of which is equivalent to a higher national diploma or a university degree and is acceptable to the Exchange; and
 - (c) at least three months' experience in securities trading.
- (5) No person shall qualify to be appointed as an Authorised Dealing Officer unless he has attained the age of 21 years and has passed, or been exempted from, such qualifying securities courses examinations as may be conducted by the Exchange.
- (6) The Exchange shall conduct examinations at times determined and under regulations made by the Exchange.

15. Conditions to be complied with by an Authorised Dealing Officer

- (1) An Authorised Dealing Officer shall adhere to the principle of good business practice in the conduct of his company's affairs and shall transact business only on behalf of his employer.
- (2) An Authorised Dealing Officer shall be engaged full-time in the office of the member and shall have no other business.

- (3) A member terminating the employment of an Authorised Dealing Officer shall give notice of the termination to the Exchange within one (1) business day of termination and the Exchange on receipt of the notice, shall issue a circular on the termination to all Licensed Dealing Members within one (1) business day.
- (4) A member is liable for all bargains made in the market by its Authorised Dealing Officer and the liability shall continue until the notice of the termination of his employment has been received by the Exchange.

16. Discipline of Authorised Dealing Officers.

- (1) The Council or any Committee of it has power to enquire into the conduct of an Authorised Dealing Officer.
- (2) Where an Authorised Dealing Officer is found by the Exchange to have contravened any rule, regulation or requirement of the Exchange or to be guilty of any improper conduct or method of business, the Exchange may impose one or more of the following sanctions:
 - (a) a reprimand;
 - (b) a fine on the Authorised Dealing Officer or on the member or on both;
 - (c) suspension of the Authorised Dealing Officer from trading for a specified period; and
 - (d) expulsion of the Authorised Dealing Officer.
- (3) Where the Council is satisfied that any Authorised Dealing Officer has acted fraudulently or dishonestly in any matter relating to a transaction on the Exchange, the Council may terminate the license of the Authorised Dealing Officer, whereupon the member shall discontinue the employment of the person as an Authorised Dealing Officer.

17. Admission fee and other subscriptions.

- (1) Every member shall pay an admission fee on admission as a Licensed Dealing Member and shall also pay admission fees on behalf of its Authorised Dealing Officers.

- (2) Every member shall also pay annual subscriptions in respect of itself and its Authorised Dealing Officers and any other levies or security deposits.
- (3) The subscriptions shall be due and payable on admission of a member to membership or approval of an Authorised Dealing Officer and after that on the first day of January in each year, or in the case of special levies, on such other date as the Council may determine,
- (4) The fees in (1) and (2) above shall be determined by Council from time to time.

18. Reporting requirements,

A member shall promptly report to the Exchange whenever the member or any director, Authorised Dealing Officer or employee of the member:-

- (a) Violates any of the rules, regulations or requirements of the Exchange or engages in conduct which is detrimental to the interests or welfare of the Exchange;
- (b) is the subject of any written client complaint involving allegations of theft or misappropriation of funds or securities, forgery, or any offence involving fraud or dishonesty;
- (c) is arrested, indicted or convicted of or pleads guilty to any criminal offence;
- (d) is the subject of any disciplinary action involving suspension, termination, the withholding of commissions or imposition of fines or any other penalty.

19. Fidelity Fund.

- (1) The Exchange shall establish and keep a Fidelity Fund to assist in paying compensation in cases where members are unable to satisfy claims in respect of liabilities incurred by them in connection with their stockbroking business.
- (2) The Fund shall be managed, controlled and administered by trustees appointed by the Council in accordance with the laws for the time being in force on the matter and rules made for that purpose by the Council of the Exchange.

(3) The rules and regulations of the Fidelity Fund shall be as provided for in Part IX of the Securities Industry Law 1993 (PNDCL 333) as amended and shall:-

- (a) provide for the administration Of the scheme;
- (b) provide for the levying of contributions from the Exchange and its members and from any other person specified by the Trustees of the Fund and for the payment of contributions and other money into the Fund; and
- (c) specify the terms and conditions on which and the extent to which compensation is payable and the circumstances in which the right to compensation is to be excluded or modified.

20. Assignment of the right of membership.

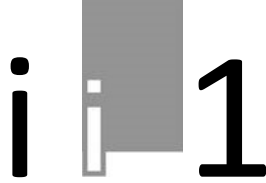
- (1) A member shall not assign, mortgage, pledge, hypothecate or charge his right of membership or any rights or privileges attached to the membership, and any attempted assignment, mortgage, pledge, hypothecation or charge shall not be effective against the Exchange for any purpose.
- (2) The Council shall expel any member of the Exchange who acts or attempts to act in violation of the provisions of this Rule.

21. Register of members.

A Register of members shall be maintained by the Exchange in which shall be entered in respect of each member:-

- (a) its name and address, including email address;
- (b) its date of admission;
- (c) the names of all directors of the member;
- (d) the names of all Authorised Dealing Officers; and
- (e) the date of termination of a member's membership by resignation, default, suspension or expulsion.

PART



CODE OF CONDUCT

22. Code of conduct and punishment for breach.

- (1) The provisions in this Part constitute the Code of Conduct of the Exchange and a member is guilty of misconduct or unprofessional conduct if it violates any of the provisions of this Part.
- (2) The Council may impose one or more of the following sanctions on a Licensed Dealing Member or Authorised Dealing Officer or both for violation of any of the provisions of this Part:
 - (a) a reprimand;
 - (b) a fine not exceeding 5000 penalty units; (c) suspension from trading for a specified period;
 - (d) expulsion; and
 - (e) any other sanction determined to be appropriate under the circumstances.
- (3) The Exchange shall within one(1) business day of the imposition of a sanction on a member, issue a circular to that effect.

RELATIONSHIP BETWEEN MEMBERS AND THE INVESTING PUBLIC

23. Integrity and secrecy.

A member shall maintain high standards of integrity, promptitude and confidentiality in all dealings with its clients.

24. Books of accounts.

A member shall maintain proper books of accounts and records, render proper account to its clients for their purchases and sale of securities, make prompt payment in respect of securities sold and arrange for prompt delivery of securities purchased by clients.

25. Records of and statement to clients.

- (1) A member shall maintain in respect of each client whose investments it is managing, sufficient records to enable it at any time without undue delay establish the precise cash, investment and business position of the client.
- (2) A member shall despatch quarterly statements of account to its clients.

26. Credit balance of clients.

A member shall not, unless otherwise agreed to in writing by a client, hold or retain the free credit balances of its client for more than ten working days.

27. Management of accounts of clients.

- (1) A member may manage or operate a discretionary account or managed fund for or on behalf of a client if it has first obtained from the client a written authorisation signed by the client setting out the terms and conditions and the rates of commission or fees or other charges payable by the client for the operation, of the account.
- (2) A member who undertakes to manage the investments of a client (whether or not on a discretionary basis) shall set out in writing the terms and conditions which shall include:-
 - (a) the fees to be charged for management and the basis on which they are calculated;
 - (b) arrangements for the custody of securities and cash;
 - (c) arrangements for the payment of interest on uninvested balances; and
 - (d) arrangements for reporting and valuations.

28. Execution of orders.

- (1) A member, in its dealings with its clients and the general investing public, shall faithfully execute the orders for buying and selling of securities at the best available market price.
- (2) A member shall give priority to the execution of the orders of its clients over its own orders and those of its employees.

29. Issue of contract note.

A member shall within two (2) business days of a transaction, issue to its client an authenticated contract note in the prescribed form.

30. Clients Of Other members.

A member shall not deal with a client of another member if that client has not conducted himself properly in its dealings with that other member.

31. Disclosure of client's business.

A member shall not disclose

- (a) information relating to the personal investments, or
- (b) other information of a confidential nature of its clients to any other person without the express authority of the client.

32. Abuse of client's information.

A member shall not use the knowledge and information of a confidential nature gained from a client in the course of its business with the client for the advancement of its financial interests or those of the member's associates whether directly or indirectly.

33. Betrayal of trust.

A member shall not betray the trust and confidence of its client by disclosing confidential information about the client's dealings in investments or his worth which comes to its knowledge in the course of its business relationship.

34. Misuse of client's funds.

- (1) A member shall not use the funds deposited with it by a client towards the purchase of securities for any operations of its own.
- (2) A member shall not use clients' funds to purchase shares without express written instructions from the client.

35. Misuse of documents of client.

A member shall not misuse documents deposited with it by a client nor pledge them with any bank to borrow funds for its own business.

36. Mishandling of account of client.

A member shall not make improper use of the securities or funds of a client or execute transactions in securities for the account of a client without his knowledge and approval.

37. Excessive business for client.

A member shall not effect for a client transactions which are excessive in size or frequency in view of the investment objectives, financial situation and needs of the client.

38. Delay in delivery and payment.

A member shall not willfully delay in the delivery of documents or in payment of sale proceeds or neglect to complete the settlement of transactions with clients.

39. Business for commission.

- (1) A member shall not encourage sales or purchases of securities with the sole object of generating brokerage or commission.
- (2) A member shall not furnish false or misleading quotations or give any other false or misleading advice or information to clients with a view to inducing them to do business in particular securities in order to enable the member to earn brokerage or commission thereby.

40. Failure to carry out transactions for clients

- (1) A member shall not fail to carry out for its client, stockbroking transactions that it has committed the client to nor shall it fail to meet its business liabilities to its clients.
- (2) A member shall immediately notify its clients when it is unable to satisfy the client's orders and shall periodically issue a report to the client on the status of the client's outstanding orders.

41. Business for defaulting clients of other members

- (1) A member shall not deal or transact business directly or indirectly or execute an order for a client who has, to the member's knowledge, failed to carry out his engagements relating to securities and is in default to another member, unless such client has made a satisfactory arrangement with the member who is his creditor.
- (2) A member shall also not deal for the client under sub-rule (1) if the Exchange has issued a circular to that effect and the circular has not lapsed.

42. No dishonoured cheques to clients.

A member shall not allow any cheques issued by it to a client to be dishonoured for any reason.

43. Business with defaulting clients.

A member shall not transact any business for any defaulting client.

44. Responsibility for the dealings of Authorised Dealing Officers.

A member shall be wholly responsible to its clients for all the dealings put through by its Authorised Dealing Officers, clerks or agents employed by it irrespective of any private understanding or agreement to the contrary entered into with such officers, clerks or agents.

45. Dealings with clients as a principal or as an agent.

- (1) A member, when dealing with a client, shall disclose whether it is acting as a principal or as an agent and shall issue an appropriate contract note ensuring at the same time that no conflict of interest arises between the member and the client.
- (2) In the event of conflict of interest, the member shall inform the client accordingly and shall not seek to gain a direct or indirect advantage from the situation and shall avoid any prejudice to the interests of the client, with whom it has a fiduciary relationship.

(3) A member shall not make a recommendation to any client who might be expected to rely on it to acquire, dispose Of, or retain any involvement in securities unless it has reasonable grounds for believing that the recommendation is suitable for the client on the

ling Membership Rules 111

basis of the facts, if disclosed by such a client as to his own security holdings, financial situation and objectives.

RELATIONSHIP AMONG MEMBERS

46. Entering into transactions.

A member while entering into transactions with another member on the trading floor of the Exchange shall conduct himself with proper dignity and honour.

47. Comparison of unmatched transactions.

A member shall co-operate with an opposite contracting party in comparing unmatched transactions.

48. Documents constituting bad delivery.

A member shall not knowingly or willfully introduce documents which constitute bad delivery,

49. Replacement of documents declared as bad delivery.

A member shall cooperate with an opposite contracting party in prompt replacement of documents which are declared as bad delivery.

50. Introduction of forged documents

A member shall not directly or indirectly be responsible for the introduction of forged documents in the market.

51. Delivery of securities and payment therefor

A member shall deliver securities sold by it promptly and in like manner a member receiving the securities shall pay for them promptly. Where securities have been immobilised and/or dematerialised under a Central Securities Depository (CSD), a member shall ensure settlement in compliance with the rules and procedures of the CSD.

52. No dishonoured cheques between members

A member shall not issue to another member a cheque which is dishonoured on presentation for want of funds.

53. Concealed bargains.

Authorised Dealing Officers shall not make any bargains intended to be concealed from their employer.

54. Transactions with Authorised Dealing Officer or employee

- (1) A member shall not transact directly or indirectly for or with an Authorized Dealing Officer or execute an order for the personal account of an Authorised Dealing Officer or employee of another member without the written consent of the employing member.
- (2) A member shall extend fullest co-operation to other members in protecting the interests of their clients regarding their rights to dividends, right or bonus shares.
- (3) A member shall not fail to honour the obligations arising from, its stockbroking transactions with fellow members nor shall it fail to meet its business liabilities or show negligence in the completion of the settlement of transactions with other members.

RELATIONSHIP BETWEEN MEMBERS AND THE STOCK EXCHANGE AUTHORITIES

55. Improper conduct.

A representative of a member shall not indulge in dishonourable, disgraceful, disorderly or improper conduct on the Exchange or willfully obstruct the business of the Exchange.

56. Failure to comply with resolutions, etc.

A member shall not contravene, refuse or fail to comply with or abide by lawful resolution, order, notice, direction, decision or ruling of the Council, the Managing Director, any Committee or officer of the Exchange or other person authorised in that behalf under the rules and regulations of the Exchange.

57. Failure to submit or abide by arbitration.

A member shall not neglect, fail or refuse to submit to arbitration or to abide by or carry out an award, decision or order of the Council or an arbitration committee or arbitrators in connection with a reference under the rules and regulations of the Exchange.

58. Failure to testify or give information.

A member shall not neglect, fail or refuse:-

- (a) to submit to the Council or to a Committee or an officer of the Exchange authorised in that behalf, books, correspondence, documents and papers or any part thereof required to be produced;
- (b) to appear and testify before or cause any of its Authorised Dealing Officers or employees to neglect, fail or refuse to appear and testify before the Council or the Managing Director or a Committee or Officer of the Exchange.

59. Failure to submit returns.

A member shall not neglect, fail or refuse to submit to the Exchange such quarterly and annual reports as are required to be submitted under rule 6 of these Rules, or any other returns, reports or other information requested by the Exchange within the time specified in the request.

60. Submitting misleading returns.

A member shall not submit or make any false or misleading statement in its returns submitted to the Exchange.

61. Vexatious complaints.

A member or its agent shall not bring before the Council or the Managing Director or a Committee or an officer of the Exchange or other person authorised in that behalf a charge, complaint or dispute which is frivolous, vexatious or malicious.

62. Failure to pay dues and fees

- (1) A member shall pay its subscription, fees, arbitration charges or any other money due from it or any fine or penalty imposed on it.
- (2) An expelled member or a member who has resigned shall remain liable for all arrears, subscription, special subscription, levies, fines and other monies owed to the Exchange or to any account in relation to business on the Exchange at the time of the expulsion or resignation.

63. Fictitious name and dealings

A member shall not:-

- (a) transact its own business or the business of its client in fictitious names;
- (b) make a fictitious transaction or give an order for the purchase or sale of securities, execution of which would involve no change of ownership.

64. Prejudicial business.

- (1) A member shall not knowingly make or be a party to the carrying out of any plan or scheme for the purchase, sale or offer of purchase or sale of securities for the purpose of upsetting the equilibrium of the market or bringing about a condition in which prices will not fairly reflect market values.
- (2) A member shall not directly or indirectly or in any manner whatsoever circulate or cause to be circulated rumours of a sensational character likely to have an impact on the securities market.
- (3) A member shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.
- (4) A member shall not create a false market either singly or in concert with others or indulge in any malpractice that is detrimental to the interest of the investing public or which leads to interference with the market mechanism and the smooth functioning of the Exchange.
- (5) A member shall report immediately to the Council or the Managing Director of the Exchange, any suspicious or attempted operation or transaction which would result in the creation of a false market or misleading appearance of trading or lead to upsetting the market equilibrium which comes to its notice.

65. Advice to clients.

A member shall not give false and misleading information based on rumours and gossip to its clients about companies.

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66. Unwarrantable and excessive speculative business

- (1) A member shall not engage in reckless, unwarrantable or unprofessional dealings in the market or effect purchases or sale for its client's account in which it is directly or indirectly interested nor make any purchase or sale which is excessive, in view of its client's or its own means and financial resources or in view of the market for the security.
- (2) A member shall not involve itself in
 - (a) excessive speculative business, or
 - (b) business which is beyond reasonable levels or not commensurate with its financial resources.

67. Street trading.

A member shall not call out prices or make bids or offers or trade in the street or at the entrance to or in the vicinity of the Exchange or carry on any form of trading in any security after trading hours unless over-the-counter trading is permitted in that particular security outside trading hours.

68. Dealing in securities before commencement of Floor Trading.

- (1) A member shall not without prior approval from the Exchange, make quotations or deal in securities of a new company being formed, or of a company in which a new issue or placement of securities has been made in preparation for official listing on the Exchange until the securities have been listed. Provided however that this Rule shall not apply to dealings by members in companies whose shares are traded over-the-counter.
- (2) A member shall not trade in public unlisted securities over-the-counter without prior notification to the Exchange of its intention to trade in those securities.

69. Trading in suspended securities.

A member shall not trade or transact any business in any security while the listing of that security is suspended by the Exchange.

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70. Compliance with rules and regulations.

A member shall strictly comply with the rules and regulations of the Exchange and instructions, direction and orders issued by the Council, the Managing Director or a Committee or an officer of the Exchange authorised in that behalf.

71. Access to information not to be used by members of Council

An Authorised Dealing Officer or a member shall not trade in any security if he had access to price sensitive information by virtue of his position of being a member of the Council until the information is placed on the notice board of the Exchange or otherwise released for the information of members and the investing public.

72. Business for Exchange employees

A member shall not make a speculative transaction in which an employee of the Exchange is directly or indirectly interested.

73. Evasion of margin requirements

A member shall not evade or attempt to evade or assist in evading margin requirements as may be prescribed. Margin Trading shall commence on the introduction by the Exchange of SEC approved rules and guidelines.

74. Business with non-member

A member shall strictly abide by any directions or instructions issued by the Council or Managing Director prohibiting any member knowingly transacting any business for and on behalf of any specified non-member or class of non-members or for anyone acting in its or their behalf.

75. Inquiries and investigation

A member shall co-operate fully with any competent authority in any inquiry or investigation relating to the securities industry.

76. Periodical returns

A member shall file periodic returns of all the transactions effected in securities including both purchases and sales with other members and its clients, together with the contract rates, and the total value of the securities, in the form and for the periods required by the Stock Exchange.

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77. Insurance covers

A member shall take an insurance cover that is adequate for its level of business or that is prescribed in notices by the Exchange.

78. Minimum liquidity requirements

A member shall comply with the prevailing requirements of the Securities and Exchange Commission in respect of capital, liquidity, reports and returns.

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DISPUTE RESOLUTION AND DISCIPLINARY ACTION

79. Client-Broker, Broker-GSE or Inter-Broker Dispute Resolution

- (1) A client who has a complaint against a member in respect of dealings in securities, must lodge the complaint in writing first to the Compliance Officer of the member.
- (2) The Compliance Officer shall deal with the complaint within four (4) weeks.
- (3) The client may refer the complaint to the Ghana Stock Exchange if
 - (a) the client is not satisfied with the decision taken by the member, or
 - (b) the member is unable to give a decision within the specified period.
- (4) A dispute arising among members from a breach of the Rules of the Exchange with reference to share transactions and members' obligations under the GSE Rules which cannot be resolved by the members concerned among themselves, shall be referred to the Ghana Stock Exchange.
- (5) A complaint lodged with the Exchange shall be dealt with by the Exchange Secretariat which shall convey its decision to the parties in dispute within four (4) weeks of formal notification to the Secretariat.
- (6) A party may appeal to the Dispute Resolution Committee for a review of the decision if the party is of the opinion that the decision of the Secretariat was made in error and shall do so within fourteen (14) days of the decision.

(7) The Dispute Resolution Committee is an ad hoc committee and consists of the Chairman of the Council (or in his absence the acting Chairman), and at least four Directors of the Exchange, one of whom is a broker representative. The quorum for the hearing of a dispute is any three members of the Committee.

(8) The Dispute Resolution Committee shall adjudicate on the complaint and may give a hearing to either or both parties to the complaint. The

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Committee shall give a decision on the dispute no later than thirty (30) days after submission to it of the dispute.

(9) Failure of a member to comply with the decision reached by the Exchange shall render the member liable to a reprimand, a fine or a suspension from trading or all of these sanctions.

(10) The decision taken by the Dispute Resolution Committee shall be final and conclusive, except that either party shall have a right of appeal to the Securities and Exchange Commission (SEC) to the extent provided in the Securities Industry Law, 1993 (PNDC 333), as amended.

80. Rules for Disciplinary Action against Members

(1) Where as a result of an investigation or inspection carried out by the Exchange it appears that a member has failed to comply with the Stock Exchange Rules for members, the Exchange shall notify the member concerned in writing of the offence committed and request that a written explanation be given within four (4) weeks.

(2) On receipt of the explanation from the member, the Managing Director of the Exchange shall decide whether the matter ought to be referred to the Dispute Resolution Committee (the Committee) or not, and if not, apply the relevant sanctions under Rule 22 and communicate same to the member.

(3) Where the Managing Director refers any matter to the Committee, and the Committee concludes that the member has a case to answer, the Committee shall formally charge the member in writing with the offence, stating the rule(s) which the member is alleged to have breached and the particulars of the offence committed, and shall have the charge served on the member.

(a) The Committee shall indicate in the charge whether the member should respond to the charge in writing or appear before it to answer the charge orally, or both.

(b) Where a written response is demanded by the Committee, the member shall respond to the charge within seven (7) days from

the date of the service if the charge does not state the period within which the response must be made.

- (c) Where the member charged fails to respond to the charges within the stipulated period or fails to appear before the Committee as the case may be, the Committee may proceed to deal with the matter notwithstanding the member's default.
- (d) The Committee shall give a decision on the matter no later than thirty (30) days after the charge is served on the member.
- (4) Where a fine is imposed on a member, it shall be paid by the member within ten (10) business days from the notice of the fine.
- (5) Where a member fails to comply with the provision in sub-rule (4) and fails to satisfy any further conditions attached thereto, the Exchange shall suspend the member from trading on the Floor of the Exchange and notify other members of the said decision and the suspension of the member.
- (6) If the suspended member fails to satisfy the conditions for lifting the suspension from trading within twenty (20) business days (or one calendar month), the member shall have its membership revoked,
- (7) Where a sanction is imposed on a member, the Exchange shall communicate the sanction to the member in and may, in addition, notify the public that disciplinary action has been taken against that member.
- (8) The decision taken by the Dispute Resolution Committee is final and conclusive, but either party has a right of appeal to the Securities and Exchange Commission (SEC) to the extent provided in the Securities Industry Law 1993 (PNDCL 333), as amended.
- (9) A member who files a writ in court against another member or the Exchange without fully exhausting these Rules automatically revokes its membership.
- (10) A member who ceases to be a member under sub-rule (9) may upon final determination of the suit, re-apply for membership of the Exchange.
- (11) Sub-rule (9) shall not apply to court actions by members for the recovery of monies due them from transactions carried out on the Trading Floor.

PART I



GENERAL PROVISIONS

81. Power to Modify Rules

- (1) The Council of the Exchange may by itself or through the Managing Director of the Exchange, waive the application of any Of these Membership Rules as it deems fit in any particular circumstance, and upon sufficient justification being provided.
- (2) The SEC shall in all cases be given prior notification for exemptions and waivers. Waivers and exemptions shall only be granted on receipt of acknowledgement and consent from the SEC.
- (3) Any amendment of these Membership Rules shall be made with the prior approval of SEC.

82. Interpretation

In these Rules, unless the context otherwise requires:-

"associated business activities" or "associated business" includes acting as registrar to the issue of shares or as share transfer agent, investment adviser, portfolio manager, discount broker and general financial consultant;

"Authorised Dealing Officer means a person, by whatever name described, in the direct employment of, or acting for, or by arrangement with a Licensed Dealing Member who performs for that member or dealer any of the functions of a member or dealer (other than work ordinarily performed by accountants, clerks or cashiers) whether his remuneration is by way of salary, wages, commission or otherwise; and includes any executive director of a member company or a partner in a member firm who performs any of the said functions;

"Committee" means any Committee appointed by the Council of the Exchange, such as the Dispute Resolution Committee or the Membership Committee;

"company" has the same meaning as in the Companies Code, 1963 (Act 179);

"contract" means a contract for or relating to the purchase or sale of securities;

"Council" means the governing body of the Exchange or a Committee properly mandated by the Council;

“GHC” means Ghana Cedis, the currency of the Republic of Ghana introduced in July 2007.

"Licensed Dealing Member" means a member company or member firm licensed to deal securities under Rule 4;

"Member company or member" means a company incorporated under the Companies Code, 1963 which is a Licensed Dealing Member;

"Official Listing" means commencement of trading in securities on the Trading Floor of the Ghana Stock Exchange.

"SEC" means the Securities and Exchange Commission, Ghana;

"Stock Exchange" or "the Exchange" means Ghana Stock Exchange.