



**GSE**  
GHANA STOCK EXCHANGE



# TRADING RULES

(EQUITIES)

MAY 2020

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# PART I

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## INTRODUCTION, TERMS, INTERPRETATIONS AND DEFINITIONS

# PART 1: INTRODUCTION, TERMS, INTERPRETATIONS AND DEFINITIONS

## 1. Introduction

- (1) These Trading Rules (Rules) are made by the Ghana Stock Exchange pursuant to its company Regulations and are approved by the Securities and Exchange Commission (SEC) in accordance with the Securities Industry Act, 2016 (Act 929).
- (2) The Rules shall be used in conjunction with the following statutes and rules, as may be amended or replaced from time to time:
  - (i) Securities Industry Act, 2016 (Act 929);
  - (ii) Securities and Exchange Commission Regulations, 2003 (L.I. 1728);
  - (iii) Anti-Money Laundering Act, 2008 (Act 749);
  - (iv) Foreign Exchange Act, 2006 (Act 723);
  - (v) Data Protection Act, 2012 (Act 843);
  - (vi) Central Securities Depository Act, 2007 (Act 733);
  - (vii) Ghana Stock Exchange Dealing Membership Rules, 2006;
  - (viii) Ghana Stock Exchange Surveillance Rules 2012;
  - (ix) Ghana Stock Exchange Listing Rules, 2006;
  - (x) Ghana Alternative Market Rules, 2013;
  - (xi) Ghana Fixed Income Market Rules, 2016;
  - (xii) Central Securities Depository Operational Rules, 2016;
  - (xiii) Central Securities Depository Clearing and Settlement Rules, 2016; and
  - (xiv) Any other applicable laws and rules.
- (3) These Rules shall be construed in accordance with and governed by the laws of Ghana.
- (4) These Rules shall apply to Licensed Dealing Members (LDMs) and their Registered Securities Dealers (RSDs) in respect of trading conducted through the GSE Automated Trading System (GATS).
- (5) The purpose of stock exchange trading is the determination of the prices of securities in a functional and efficient market, where all parties to the market have simultaneously at their disposal, sufficient information as a basis for price determination.
- (6) Trading shall be in securities approved by the Exchange in accordance with its Rules.
- (7) These Rules are binding on:
  - i. all LDMs who carry out transactions on the market;
  - ii. all RSDs and other employees who carry out business on behalf of the LDM; and
  - iii. any person who utilizes the services of an LDM or who concludes a transaction with an LDM in the course of that LDM's business.

- (8) Where an LDM, its RSD or other employee contravenes any provision of these Rules, the Exchange may, after giving the LDM, its RSD or other employee an opportunity of a hearing, sanction the LDM, its RSD or other employee in line with GSE's Dealing Membership Rules.

## **2. Terms, Interpretations and Definitions**

- (1) Reference to any statute and statutory provision shall be construed as those in force from time to time.
- (2) References to time shall mean the time in Accra, unless otherwise stated.
- (3) References to days are Business Days, unless otherwise stated.
- (4) Chapter headings, rule headings and the titles and numbers of Rules are for guidance and ease of reference only.
- (5) For the purpose of these Rules, an act or course of conduct includes both acts and omissions.
- (6) The following capitalized terms are defined terms and shall have the meanings set out in the definitions unless the context otherwise requires, and cognate expressions shall be construed consistently with them:

### **ASSOCIATED COMPANY**

means, in relation to two body corporates, a body corporate that is the subsidiary or holding company of the other or is a subsidiary of the other's holding company or is a holding company of that other's subsidiary.

### **ASSOCIATED PERSON**

means any employee, officer, director, Substantial Shareholder or Associated Company of an LDM.

### **BEST EFFORT ORDER**

means an order to buy or sell a security that gives the LDM or RSD discretion to execute the Order only when the LDM or RSD judges market conditions to be favourable.

### **BUSINESS CONTINUITY PLAN**

means the document

### **BUSINESS DAY**

means any day on which the Exchange is open for dealing.

### **CAPITAL MARKET OPERATOR**

means any person authorized or permitted to operate in any capacity on the Ghana Capital Market as construed by Part Four of the Securities Industry Act, 2016 (Act 929).

### **CLOSING PRICE**

means the volume weighted average price of a security determined at the close of a day's trading session.

### **COMMISSION/SEC**

means the Securities and Exchange Commission of Ghana.

### **COUNCIL**

means the Council of the Ghana Stock Exchange.

**CORPORATE BENEFITS**

means dividends, rights, bonus, redemption benefits, interests or any other right or benefit accruing on the securities lent.

**CSD**

means the Central Securities Depository (Ghana) Limited.

**DEALER**

means any person carrying on the activity of 'dealing in securities' as defined by Section 216 of the Securities Industry Act, 2016 (Act 929) and shall include LDMs and RSDs.

**DIRECT MARKET ACCESS CLIENT**

means a client who has access to a brokerage platform or system which allows him/her to submit buy/sell orders onto the Exchange's trading platform.

**EXCHANGE/GSE**

means the Ghana Stock Exchange.

**GATS or GSE AUTOMATED TRADING SYSTEM**

means the electronic trading system of the Ghana Stock Exchange.

**GAX**

means the Ghana Alternative Market (GAX) which is a parallel market operated by the Ghana Stock Exchange for companies at various stages of their development, including start-ups and existing enterprises, both small and medium.

**GFIM**

means the Ghana Fixed Income Market; i.e. a secondary market for all listed fixed income securities.

**INDIRECT TRANSFER**

means a transaction that results in a person indirectly acquiring, increasing or decreasing its holdings or beneficiary ownership in an issuer.

**INTERNAL TRANSFER**

means the transfer of shares by a Substantial Shareholder to or from a company or group of companies of which the Substantial Shareholder is a member. An Internal Transfer shall not involve the passing of consideration.

**INTERNET TRADING SERVICE PROVIDER**

means an LDM offering trading services in securities through the Internet under these rules.

**LDM**

means a Licensed Dealing Member of the Exchange, as defined in the Dealing Membership Rules of the Exchange

**LIMIT ORDER**

means an order to buy or sell a security at a client specified price.

**MANIPULATIVE/MANIPULATION**

means effecting, taking part in, being concerned with or carrying out, directly or indirectly, two or more transactions in securities of a body corporate which are transactions that have or are likely to have, the effect of raising, lowering, maintaining or stabilizing the price of securities of the body corporate on the Exchange with intent to induce other persons to sell, purchase or subscribe for



securities of the body corporate or of a related body corporate. A “transaction” includes a reference to the making of an offer to sell or purchase the securities of the body corporate and a reference to the making of an invitation, however expressed, that expressly or impliedly invites a person to offer to sell or purchase the securities of the body corporate.

#### **MARKET BOOK**

means the complete daily record of orders received by the Licensed Dealing Member detailing all orders and resulting executed trades.

#### **MARKET CONTROLLER**

means a duly authorized officer of the Exchange who supervises the trading.

#### **MEMBER**

means a member of the Exchange as defined in the Dealing Membership Rules of the Exchange.

#### **NEGOTIATED TRADE**

means a transaction which is pre-negotiated between two separate LDMs or one LDM having both sides of the transaction.

#### **NET PRICE**

means the value per security of the securities on offer or bid excluding commissions and any other charges.

#### **OPENING PRICE**

means the price of a security established at opening of the market.

#### **ORDER**

means a valid sale or purchase order placed by an LDM through the GATS.

#### **PROPRIETARY (PRO) ORDER**

means an Order for the account of an LDM, an employee of the LDM or an Associated Person of the LDM.

#### **PROPRIETARY TRADING/PROPRIETARY TRANSACTION**

means trading conducted for the account of an LDM, an employee of the LDM or any person associated with the LDM.

#### **QUEUED PRICE**

means the price at which an order placed by an LDM for either buying or selling of a security being traded through GATS is queued.

#### **REFERENCE PRICE**

means the price of a security after it has been adjusted to include any corporate action of the issuer on the market.

#### **RELATED PERSON**

means any employee, officer, director, Substantial Shareholder or Associated Company of an LDM.

#### **RESTRICTED SECURITIES**

means securities in which the LDM, its employees, agents and Related Persons cannot trade as a result of the LDM’s involvement in a corporate action, valuation or any other activity which gives the LDM material non-public information about those securities.

**RSD**

means a Registered Securities Dealer of an LDM.

**SEC**

means the Securities and Exchange Commission of Ghana.

**SUBSTANTIAL SHAREHOLDER**

means a shareholder entitled to exercise or control the exercise of thirty percent or more of the voting power at a general meeting of the company or a person who is in a position to control the composition of a majority of the board of directors of a company.

**TICK**

is GH¢0.01 or as may be determined by the Exchange from time to time.

**TRADING SESSION**

means the period in the day where the Exchange is open for trading.

**TRIGGER PRICE**

means the price, other than the Queued Price, at which an Order placed by an LDM for either buying or selling of a security being traded through GATS is triggered.

**UNLISTED SECURITIES**

means a financial instrument that is not listed on the Exchange but is traded over-the-counter (OTC).

**WAN**

means wide area network, which is the telecommunication/computer network that extends over to user location connecting them to the Exchange's system.

# PART II

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## CORE PRINCIPLES AND OPERATION OF THE MARKET

## **PART II:**

### **CORE PRINCIPLES AND OPERATION OF THE MARKET**

Trading shall be in approved securities on only the GSE's trading platform unless the Managing Director, in consultation with Council, expressly grants an exemption.

Where an exemption is granted, trading shall be done strictly within the conditions prescribed by Council.

#### **3. Principles of Trading**

- (1) An LDM shall carefully follow the principles and Rules pertaining to trading.
- (2) An LDM, in dealing with securities, shall not employ a procedure that is contrary to good conduct as set out in the GSE Dealing Membership Rules.
- (3) An LDM shall at all times act to maintain confidence in the market through its activities.
- (4) An LDM shall not take measures that are designed to distort the price levels or the number of securities or any measures that do not correspond to the form or intent of a legal act.
- (5) Trading activity on the GATS shall be supervised and monitored by the Market Controller or any other GSE employee appointed by the Managing Director of the Exchange.

#### **4. Registered Securities Dealers (RSD)**

- 1) An LDM shall have, at least, two RSDs to transact business on the Exchange on its behalf.
- (2) An RSD shall be licensed as such by the Exchange in accordance with the GSE Dealing Membership Rules.

#### **5. Official Trading Days**

The Exchange shall open for trading on all Business Days except national public holidays.

#### **6. Trading Hours**

- (1) Trading in approved securities shall be limited to the approved Trading Hours as provided in rule 6(2) of these Rules.
- (2) Trading Hours shall be as stated below:
  - (i) Pre-Open Period – 9:30 a.m. – 10:00 a.m.
  - (ii) Opening–10:00a.m.
  - (iii) Continuous Auction -10:00 a.m. to 3:00 p.m.
  - (iv) Closing – 3:00 p.m.

- (3) The time set on the Exchange's server shall apply to all activities in the system during Trading Hours.
- (4) There shall be no trading in approved securities on the Exchange or anywhere else before or after the official Trading Hours as may be defined from time to time by Council, unless the Managing Director, in consultation with Council, has expressly granted an exemption, in which case trading shall be done strictly within the conditions prescribed by Council.
- (5) In the event of a technical malfunction of the GATS and any other related issues, the Managing Director may, without recourse to Council, vary the Trading Hours for the particular trading session and the SEC shall be notified immediately.
- (6) Where the technical malfunction goes beyond a trading session, the Managing Director shall initiate the Business Continuity Plan.
- (7) With the exception of technical malfunction of the trading system, the Trading Hours may be varied by the MD with the approval of Council under an appropriate press release with prior notification to SEC and after giving twenty (20) business days' notice to the market.

## **7. Trading Facilities**

- (1) The Exchange shall provide an automated trading system to be referred to as the GSE Automated Trading System (GATS) for use by LDMs.
- (2) An LDM's connection to the GATS for the purpose of trading in securities on GSE shall be through an access approved by GSE.

## **8. Access to GATS**

- (1) The Exchange shall make the GATS available to an LDM through the local area network (LAN); wide area network (WAN); and through a secured internet.
- (2) An LDM's access to the GATS shall be by the use of Username/User ID, password and authentication code.
- (3) An LDM shall at all times maintain and enforce appropriate security procedures which are designed to prevent unauthorized persons from having access to the GATS.
- (4) An LDM may allow a client to submit Orders to the GATS under the LDM's member code by providing access, subject to the Exchange's Internet Trading Rules in Part VIII of these Rules.
- (5) An LDM shall not submit Orders to the GATS for the purpose of testing the systems or controls.
- (6) Where an LDM identifies a system problem, it shall inform the Exchange immediately and follow any subsequent instructions from the Exchange.

- (7) The Exchange shall suspend or shut down the GATS if the system is inoperative or inaccessible to 20% of the LDMs. It shall be the duty of an LDM to report lack of access to the GATS.
- (8) Where in the opinion of GSE sufficient cause exists, GSE may suspend the right of an LDM or RSD to use the GATS service until GSE determines that the sufficient cause no longer exists. GSE shall inform the SEC forthwith of the suspension of an LDM or an RSD.

Sufficient cause for suspension of an LDM from the GATS service exists when GSE determines an actual or imminent:

- (i) breach of any provision of these Rules or any other rules of the Exchange; or
- (ii) revocation of the license or suspension of the LDM by the SEC.

## **9. Business Continuity**

- (1) As part of the Exchange's business continuity management, the Exchange shall provide a disaster recovery site with live data replication.
- (2) Where operations from the primary location of the GATS are not possible, the Exchange shall activate its Business Continuity Plan.

## **10. Trading Halts**

- (1) The Market Controller may impose a trading halt in a security in the following instances:
  - (i) to obtain a clarification from the issuer on a rumour or report regarding the issuer which has been brought to the attention of the Exchange;
  - (ii) when there is unusual movement in the price/volume of the security; and
  - (iii) where trading activity is being influenced by manipulative or deceptive trading practices.
- (2) Where trading is halted due to sub-rule 10 (1) above, trading in the security shall resume after investigations have been completed and the report disseminated to the market.
- (3) A trading halt may be imposed for a period during a trading session. The length of the period shall depend on the matter that necessitated the halt. Should the halt extend beyond one trading session, the Managing Director may suspend trading in that security until all the matters/issues that led to the suspension have been resolved.
- (4) The SEC shall immediately be notified of any trade halts.

## **11. Suspension of Trading Session(s)**

### **(1) BY THE MANAGING DIRECTOR**

Where in the opinion of the Managing Director of the Exchange circumstances exist, or are about to occur that would result in a situation other than the orderly trading of listed securities, the Managing Director may,

- i) suspend trading for one trading session; and
- ii) with the consent of the Chairman of Council, or in the Chairman's absence, the Vice-Chairman, or in the absence of both of them the Chairman of the Council's Risk Management and Surveillance Committee or any two Council members, suspend trading for more than one trading session but not more than five consecutive trading sessions in one or more listed securities.

### **(2) BY COUNCIL**

Notwithstanding the provisions of sub-rule (1) above, the Managing Director shall close the market or suspend trading in a security or securities for the number of consecutive trading sessions that may be ordered by the Council, upon the passing of a resolution to that effect by the Council.

- (3) A decision to suspend or resume trading shall be communicated to the market. Such communication may be through a press release, by telephone, text message, electronic mail or on the Exchange's systems. The GSE shall inform the SEC and CSD immediately of such decisions and the basis for the decision.

## **12. Trading Procedures**

Without prejudice to the requirements of these Rules, trading activity shall be carried out in accordance with the processes set out in the User Manual for the GATS and procedures issued by GSE from time to time.

# PART III

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## ORDERS AND TRANSACTION PROCESSING



## **PART III:**

### **ORDERS AND TRANSACTION PROCESSING**

#### **13. Bids and Offers Binding**

- (1) A buy or sell Order made and executed in the GATS shall be binding on the respective LDM.
- (2) An LDM shall be responsible for all Orders entered, modified or cancelled from its trading terminal by its RSDs or by its Direct Market Access Clients.

#### **14. Order Submission**

- (1) An LDM shall not allow a person other than an RSD or Direct Market Access Client to enter, modify or cancel an Order in the GATS.
- (2) An LDM shall, at all times, have sufficient order management systems, procedures and controls designed to prevent the input of erroneous Orders into the GATS.
- (3) An Order entered into the GATS shall contain such particulars of information as required by the GATS.

#### **15. Pre-Trade Risk Management**

The GATS shall pre-validate each Order entered into the system as follows:

- (1) Sell Orders: The GATS shall verify every Sell Order to ensure that a valid client account code has been entered and that the client holds that number of securities in his/her account before the Order is accepted. An order that fails this check shall be rejected by the GATS.
- (2) Buy Orders: The GATS shall only accept a Buy Order that falls within the LDM's trading limit within the settlement cycle.
- (3) Sub-rule 15 (2) shall not apply to a Buy Order submitted to the Negotiated Trade window on the GATS.

#### **16. Order Priority**

- (1) Order priority shall first be determined by price and followed by time.
- (2) The highest price Order to buy shall have priority over all other buy Orders.
- (3) The lowest price Order to sell shall have priority over all other sell Orders.
- (4) Within a particular LDM office, a client Order shall have priority over an Order of the LDM, its staff and persons related to the LDM as long as conditions are the same.

## **17. Accepting Client Orders**

- (1) An Order from a client shall be properly channeled in accordance with established processes within the office of the LDM.
- (2) An LDM shall not aggregate clients' orders.
- (3) An LDM shall:
  - (i) accept Orders that fall within the bounds of good business practice; and
  - (ii) make recommendations that are suitable for the client, taking the client's investment objective and risk profile into consideration.

## **18. Order Types**

- (1) GSE shall prescribe the types of Orders that may be entered by an LDM into the GATS as set out in Appendix 1 to these Rules.
- (2) An LDM may indicate execution conditions of an Order based on volume, time and price constraints.

## **19. Cancellation of Orders**

An LDM may cancel or modify its own Order entered into the GATS before the Order is matched with another Order in the GATS.

## **20. Matching of Orders**

- (1) An Order submitted into the GATS shall be matched or executed in accordance with the Order priorities under rule 16 of these Rules.
- (2) An LDM is deemed to have entered into a firm and binding contract once the LDM's Order is matched or executed in the GATS.

## **21. Records**

- (1) An LDM shall keep and maintain proper records of the date and time of receipt of each client's particulars and Order.
- (2) An LDM shall be solely responsible for the accuracy of details of an Order received from a client and entered into the GATS.

## **22. Contract Notes**

- (1) An LDM shall within one (1) Business Day of completing a transaction on behalf of a client, deliver to the client a contract note setting out, among other things,

- (i) the name of the LDM;
  - (ii) the address of the principal place at which the LDM carries on such business;
  - (iii) the name and address of the person to whom the contract note is given;
  - (iv) the date of the transaction;
  - (v) the number of units of the security bought or sold and the price;
  - (vi) the total consideration; and
  - (vii) the amount of commission and statutory levies on the transaction.
- (2) In the transaction in sub-rule (1) above, the LDM shall indicate on the contract note whether it is dealing as an agent or principal.
- (3) A contract note shall have written on it the words "Subject to the Rules of the Ghana Stock Exchange" and the format adopted by the LDM shall be authorized by the Exchange.
- (4) An LDM shall indicate on the contract note that the sender is an LDM of GSE.
- (5) A contract note shall be signed by an authorized person of the LDM before dispatch.

### **23. Transactions to be for Gross Prices and Cash**

- (1) A transaction entered into the GATS by an LDM shall be for a gross price between the buyer and the seller.
- (2) An offer to buy or sell at a quoted price shall be deemed to be for cash.
- (3) The commission, levies and statutory fees payable on a transaction shall strictly be in cash and no other means.

### **24. Annulment of Transactions**

An application to annul a transaction on the Exchange shall not be considered by the Exchange except on a specific allegation of fraud or willful misrepresentation, or on prima facie evidence of a material mistake in the making of the transaction which the Exchange in its judgement considers necessitating investigation and resolution.

# PART IV

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## TYPES OF MARKETS

## PART IV

### TYPES OF MARKETS

#### 25. Equity Market

(1) The Equity Market shall be divided as follows:

I. **MAIN BOARD**

The Main Board shall be for the trading of ordinary shares, preference shares, mutual funds, exchange traded funds, rights and unit trusts admitted to trade on the Exchange.

II. **GAX BOARD**

The GAX Board shall be for the trading of securities admitted to the GAX.

(2) The minimum trading unit for the Main and GAX Boards shall be one (1) unit or such other unit as the Exchange may determine either generally or with respect to specific securities.

(3) The Exchange may create such other market segments as may be necessitated by the requirements of the market.

#### 26. Debt Market

(1) Listed debt securities shall be traded on the GFIM.

(2) Trading on the debt market shall be in accordance with the GFIM Rules.

#### 27. Unlisted Securities Market

(1) The GATS provides a platform for transactions in unlisted securities.

(2) Transactions in unlisted securities shall take place during Trading Hours but such securities shall be specifically designated.

(3) Trading on the Unlisted Securities Market shall be in accordance with guidelines set out in Appendix 2 of these Rules.

#### 28. Negotiated Trades

(1) Negotiated Trades shall be done in the window provided in the GATS within the Trading Hours of the Exchange.

(2) Negotiated Trades may be between two LDMs or the same LDM.

- (3) Negotiated Trades shall be for trades where the value of shares involved are 5% or more of the market capitalization of the issuer or the shares are of a minimum value of GHS5, 000,000.
- (4) An LDM doing a trade for which there is a firm commitment or announcement to do a take-over or merger may use the Negotiated Trade window on the GATS. Sub-rule (3) herein shall not apply in this instance.
- (5) A Negotiated Trade shall be executed in its entirety. Partial execution shall not be allowed.
- (6) Prices of Negotiated Trades shall not be part of the computation of the Exchange's indices.

# PART V

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## PRICES

## PART V

### PRICES

#### 29. Opening Price

- (1) The Opening Price of a security for a trading day shall be established in the GATS in accordance with the calculation of Opening Prices.
- (2) Where no transaction occurs in a security at Opening of the Trading Session, its previous closing price shall be the Opening Price for that security.
- (3) The Opening Price of a newly listed security on its first trading shall be its first transaction price.

#### 30. Price Movement

- (1) For a security whose price is GH¢0.10 or above, the price change on a trading day shall not exceed plus or minus ten percent (10%) of the previous day's closing price for the security.
- (2) For a security whose price is GH¢10.00 and above, the price may only change with a minimum volume of 500 shares.
- (3) For a security whose price is below GH¢10.00, but greater than or equal to GH¢1.00, the price may only change with a minimum volume of 1000 shares.
- (4) For a security whose price is less than GH¢1.00, the price may only change with a minimum volume of 2000 shares.
- (5) Notwithstanding Rule 30(4) above, the price change on a trading day for a security whose price is below GH¢0.10 shall not exceed the previous day's closing price of the security by "a tick" of GH¢0.01.
- (6) This Rule 30 shall not apply to Negotiated Trades.

#### 31. Reference Price

A reference price shall be set by the Exchange in the following circumstances:

- (1) at the start of trading in new bonus shares on ex-bonus day;
- (2) for information at the start of trading in additional shares after a rights issue; and
- (3) when there has been a suspension of trade in a security for a period of twelve months.



### **32. Trading of Securities on “ex” Basis**

The Exchange shall indicate when a security shall trade “ex”. A buyer of a security who transacts on an ‘ex’ basis shall have no rights to the relevant entitlements declared by the company concerned.

### **33. Closing Price**

- (1) The closing price of a security for a trading day shall be determined by the volume weighted average price (VWAP) for the security for that day.
- (2) Where there is no trade in a security during the trading session, the previous day’s closing price of that security shall be the closing price.

### **34. Publication of Price List and Other Market Data**

- (1) GSE shall publish daily and periodic information on the prices, traded volumes, indices and any other market data, necessary to ensure transparency and equity to all market players and investors.
- (2) GSE shall determine the particulars to be published for all listed securities, and the form and the precise time within which the information is to be provided, as well as the means by which it is to be published or made available, having regard to the nature, size and needs of the market.
- (3) The GATS and its contents are the property of GSE. The right to record and publish information from the GATS, including prices and other data related to transactions on the GATS is the sole prerogative of GSE. A person may only use such information to advise its clients or to conduct research. A person shall not:
  - i. distribute, commercially exploit or sell information generated from the GATS or information from any other market data provided by GSE; or
  - ii. transmit or store such information in any medium accessible to the public unless prior written consent has been given by GSE on such terms and conditions as GSE in its absolute discretion may impose.

# PART VI

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## PROPRIETARY TRADING

## PART VI: PROPRIETARY TRADING

### 35. Scope and Application

- (1) These Rules shall apply to an LDM, its agents and Related Persons.
- (2) An LDM, when dealing with a client, shall disclose whether it is acting as a principal or as an agent.

### 36. Mode of Executing Proprietary Trades

- (1) All Orders to buy or sell securities that an LDM, its employee, its agent or its Related Person may place shall be entered in a chronological order in a register to be maintained by the LDM in a form which shows:
  - (i) the name of the person who placed the Order;
  - (ii) the name and number of securities to be bought and sold; and
  - (iii) the nature of the transaction clearly indicating in writing a Proprietary Order and the limitation, if any, as to the price of the securities or the period for which the Order is to be valid.
- (2) An LDM, its agent or Related Person shall only trade through that LDM.
- (3) The trade of an LDM, its employee, agent or Related Person shall only be transacted with the prior authorisation of the Chief Executive Officer or the Compliance Officer of the LDM.
- (4) The LDM's compliance officer shall maintain a list of
  - (i) restricted securities in which the LDM, its employees, agents and Related Persons shall not trade; and
  - (ii) restricted securities in which the LDM possesses material non-public information.
- (5) Securities may be added to or deleted from the restricted list at the discretion of management of the LDM.
- (6) The trade of each LDM, its employee, agent or Related Person shall be subject to the following restrictions:
  - (i) the trade of the LDM, employee, agent or shall be at market price;
  - (ii) the maximum validity of the order shall not exceed two trading days;
  - (iii) client Orders shall be given priority; and

- (iv) a designated LDM's representative shall be responsible for the handling of trade and shall maintain a register of traded items.

### **37. Separate Depository and Brokerage Accounts**

- (1) An LDM that engages in Proprietary Trading shall have separate depository and brokerage accounts in the name of the LDM, its employee, agent or a Related Person.
- (2) The account shall be tagged as proprietary and shall be used for all transactions involving Proprietary Trades.

# PART VII

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## REMOTE TRADING TERMINAL ISSUANCE

## **PART VII:**

### **REMOTE TRADING TERMINAL ISSUANCE**

#### **38. Scope and Application**

This part of the Rules shall apply to the following:

- (1) All terminals issued by the Exchange for the purpose of trading from outside the Exchange's premises; and
- (2) All terminals connecting to the Exchange's trading system over the Internet, WAN or through any other mode of remote connectivity.

#### **39. Issuance of Terminal**

- (1) The Exchange shall issue trading terminal(s) to LDMs only.
- (2) An LDM shall submit a formal request to the Exchange for the issuance of master and servant trading terminals.
- (3) The Exchange may issue a view-only terminal to a person upon the submission of a formal request.
- (4) A key condition for an approval of the use of a terminal is an assurance by the LDM of good internet connectivity.
- (5) The Exchange shall vet every request and upon approval by the Managing Director or a designated officer, a terminal shall be issued to the LDM.
- (6) Username, Password, and authentication code for terminals shall be issued only to RSDs of an LDM.
- (7) An LDM shall be responsible for all transactions executed through its terminal(s) issued in its name.
- (8) An LDM shall be responsible for the risk management and settlement of all trades executed through all its terminal(s).
- (9) An LDM shall provide information such as the full names, telephone numbers and email addresses of its RSDs to the Exchange.
- (10) Where an LDM has provided the information required in sub-rule (9) above, the LDM shall have the responsibility of informing the Exchange of any change in name, address and contact number of the RSD using the terminal.

#### **40. Inspection**

- (1) The Exchange may conduct random inspections of LDMs to identify any discrepancy in the particulars provided to the Exchange regarding RSDs and the facts of the RSDs who use the terminals.
- (2) In case of any discrepancy between facts and particulars provided by an LDM, the Exchange shall impose the penalty prescribed by the Exchange.

# PART VIII

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## INTERNET TRADING

## **PART VIII: INTERNET TRADING**

### **41. Scope and Application**

- (1) This part of the Rules extends to all LDMs that provide Internet Trading Service. This will allow an LDM to have its client(s) route orders through the Internet for trading purposes.
- (2) An LDM that allows its client(s) to route orders through the Internet for trading purposes shall be called an Internet Trading Service Provider

### **42. Commencement of Service**

Prior to commencement of service, an Internet Trading Service Provider shall

- (1) submit details to the Exchange of the service to be provided;
- (2) demonstrate its ability to provide the service as stated in Rule 41 of these Rules; and
- (3) have its system, controls and procedures of the Internet Trading Service approved by the Exchange.

### **43. Service Requirement**

An Internet Trading Service Provider shall put in place satisfactory arrangements to:

- (1) ensure confidentiality of information in such a way that information is only accessible to an authorized person or system; and in particular satisfactory measures are in place to prevent:
  - (i) unwanted disclosure of inter alia personal data, transactions, activity and presence on the internet;
  - (ii) misappropriation of identities;
  - (iii) impersonation, leading to unauthorized (illegal) transactions;
  - (iv) unauthorized usage and inability to detect such malpractice in a timely manner and/or identify the perpetrator;
  - (v) attack from third parties designed to interrupt the service or aimed at the service becoming an agent for an attack against another website; and
  - (vi) analysis of client data by unauthorized third parties.
- (2) safeguard the integrity of the service including control to prevent:
  - (i) non-compliance with laws, rules, regulations and guidelines issued by the Exchange and SEC, leading to illegal transactions, fraud or malpractice;
  - (ii) presentation of incorrect data, whether intentionally or unintentionally;
  - (iii) false presentation, or the use of incomplete information for transactions;
  - (iv) manipulation of data;



- (v) computer viruses, leading to inter alia loss of data, unauthorized access to or manipulation of data, unavailability or threat of unavailability of system; and
  - (vi) cyber extortion, selling or provision of data stolen from (or illegally obtained from) access providers.
- (3) ensure the availability of the service in the event that:
    - (i) the site is not reachable, and that there is no possibility to trade, or to get or give information; or
    - (ii) parts of the site are not reachable either through a denial of service attack or lack of capacity; or
    - (iii) the provider of the service is unable to give timely access to the site or parts of the site.
  - (4) ensure that satisfactory alternative arrangements and contingency plans are in place to ensure that business can continue in the event of a large-scale disruption (Disaster Recovery Planning/Business Continuity Planning);
  - (5) ensure that the identity of the person or system accessing the service is properly verified by the use of PINs, passwords, electronic signatures or such other approved mechanism so as to exclude unauthorized access;
  - (6) ensure that satisfactory arrangements are in place so that an LDM can at all times uniquely identify each and every Order during the different stages of order processing;
  - (7) ensure that Orders placed through its system are fairly allocated in accordance with the rules of the Exchange;
  - (8) ensure that there is an effective audit trail to address risks arising from:
    - (i) the opening, modification or closing of a client account;
    - (ii) any transaction with significant financial consequences;
    - (iii) any authorization granted to a client to exceed a limit; and
    - (iv) any granting, modification or revocation of systems access rights or privileges.

#### **44. Service Agreement/Arrangement**

An Internet Trading Service Provider shall

- (i) have an agreement with clients to whom it offers an Internet Trading Service that contains appropriate and prominent risk disclosures highlighting the risks associated with internet transactions;
- (ii) have appropriate arrangements in place to assess a client's suitability to undertake securities transactions via the internet;
- (iii) have appropriate arrangements in place to approve a client's account for day trading;
- (iv) have adequate risk management systems for controlling exposure to internet clients and in particular for monitoring margin trading;
- (v) have an adequate number of qualified staff to control and monitor transactions and render clients services in accordance with these Rules;

- (vi) either have qualified staff to operate and maintain the system used for Internet Trading Services or have a binding agreement with a suitably qualified third-party service provider for the operation and maintenance of those systems; and
- (vii) be responsible for settlement of each and every trade executed through the Internet Trading Service.

#### **45. Requirements by the Exchange**

The Exchange may specify additional requirements, from time to time, for allowing an Internet Trading Service Provider to continue its business.

#### **46. Client Identity**

An Internet Trading Service Provider shall submit to the Exchange the details of the process of satisfying itself as to the true identity of a person opening an account.

#### **47. Security of Data**

To reduce the risk of third-party interception of information sent between a client's computer and the system of an Internet Trading Service Provider, an Internet Trading Service Provider shall use encryption and take precautions as follows:

- (1) The encryption shall apply not only to Orders being entered but also to any communication with clients that contains confidential information.
- (2) An Internet Trading Service Provider shall use a firewall to prevent intrusions by unauthorized persons (e.g., a cracker or hacker, who may obtain unauthorized access to a computer system by by-passing passwords or otherwise breaching computer security).
- (3) An Internet Trading Service Provider shall ensure that its system is configurable to allow auto-logout in case of inactivity of the trading terminal and the trading website.
- (4) An Internet Trading Service Provider shall demonstrate that it has in place a written security policy based on or containing these Rules.

#### **48. Operational Capacity**

- (1) An Internet Trading Service Provider shall ensure that its operational capacity is evaluated by its internal auditor every year.
- (2) An Internet Trading Service Provider shall give the Exchange details of the procedures for undertaking such an evaluation, the time at which such an evaluation will be undertaken, and a copy of the results of such evaluation.

#### **49. System Modification**

An Internet Trading Service Provider shall submit to the Exchange, in advance, information relating to any significant changes to its system or any changes to the functionality of its system identifying the areas and the reasons for the change.

## **50. Periodic Audit**

- (1) An Internet Trading Service Provider shall ensure that its system, controls and procedures are audited independently by an audit firm once every year.
- (2) An Internet Trading Service Provider shall submit a report of the auditor to the Exchange within one (1) month of the date of the close of the audit.

## **51. Clients' Access to Information**

- (1) An Internet Trading Service Provider shall ensure that its system shall provide the following information in an easily accessible form:
  - (i) a basic explanation of securities trading; including definitions of common terms used on the trading screen;
  - (ii) a general statement and information regarding the manner in which Orders are accepted, processed, settled and cleared via the internet;
  - (iii) disclosure about the risk of securities trading, including the risk of system outages and failure and any alternative means of placing Orders;
  - (iv) disclosure about the risk involved in trading securities in a margin account;
  - (v) procedure to cancel pending Orders during a system failure;
  - (vi) a glossary explaining key investment terms and concepts;
  - (vii) the rules and guidelines affecting inter alia the client-broker relationship, arbitration rules, and other investor protection rules;
  - (viii) hyperlinks to the websites of the Exchange and the SEC displaying rules, Guidelines and Circulars; and
  - (ix) a "Terms of Use" policy document which includes proper and fair disclaimers.
- (2) An Internet Trading Service Provider shall ensure that its Ticker, quote and order book displayed will display the time stamp as well as the source of such information against the given information.

## **52. Duplicate Orders**

An Internet Trading Service Provider is required to ensure that its system has mechanisms to prevent execution of unintended duplicate orders.

## **53. Independent Assessment**

The Exchange may employ technical experts to undertake an independent assessment of the operational capacity and security of an LDM's system.

#### **54. Orders/Trade Confirmation**

An Internet Trading Service Provider shall ensure that trade confirmations and contract notes are sent to the client within one (1) Business Day of completing the transaction.

#### **55. Quarterly Reporting**

An Internet Trading Service Provider shall provide, within thirty (30) days after each quarter, quarterly reports to the Exchange on the reliability of the service. These reports must show the:

- (i) number of client users of the system as at the end of the quarter;
- (ii) daily average number of transactions (of all types) processed by the system during the quarter and the highest number of transactions processed by the system on a single day during the quarter;
- (iii) percentage of the schedule time for availability for which the service was not available; and
- (iv) reason for non-availability.

#### **56. Cooperation with Exchange**

To assist the Exchange in investigating instances of suspected market abuses such as insider trading and market manipulation, an Internet Trading Service Provider shall provide full and prompt responses to all requests for information by the Exchange.

# PART IX

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## GENERAL PROVISIONS

## PART IX: GENERAL PROVISIONS

### 57. Know Your Client Rule

- (1) An LDM shall use due care and skill to know more about its client including:
- 1) identity, source of funds, and risk profile specifically:
    - (i) residential and postal address;
    - (ii) telephone number; and
    - (iii) the legal status of the client by identifying whether it is a:
      - (a) private individual;
      - (b) company;
      - (c) private trust;
      - (d) partnership;
      - (e) joint venture;
      - (f) investment club;
      - (g) pension or provident fund;
      - (h) collective investment scheme (private and public)- that is; a unit trust, mutual fund, private equity fund, hedge fund or venture capital fund;
      - (i) government agency;
      - (j) metropolitan, municipal or district assembly;
      - (k) religious, educational or welfare organization; or
      - (l) any other information
- (2) Where the client is acting on behalf of another (indicating whether the funds are supplied by someone else or the investment is to be held in the name of someone else) the LDM shall verify the identity of both the client and the agent/trustee unless the client is itself a Ghanaian regulated Capital Market Operator. Some methods of verification include:

#### FOR NATURAL PERSONS:

- (i) confirming the date of birth from an official document (e.g. birth certificate, passport, identity card, social security records); confirming the permanent address (e.g. utility bill, tax assessment, bank statement, a letter from a public authority);
- (ii) contacting the customer by telephone, by letter or by e-mail to confirm the information supplied after an account has been opened (e.g. a disconnected phone, returned mail, or incorrect e-mail address should warrant further investigation);
- (iii) confirming the validity of the official documentation provided through certification by an authorized person (e.g. embassy official, notary public); and
- (iv) any other means of verification the LDM deems appropriate.

#### FOR ESTABLISHED CORPORATE ENTITIES:

- (i) reviewing a copy of the latest annual report (audited, if available);

- (ii) conducting an enquiry by a business information service, or an undertaking from a reputable and known firm of lawyers or accountants confirming the documents submitted;
  - (iii) undertaking a company search to determine its state as to whether the institution has not been, or is not in the process of being dissolved, struck off, wound up or terminated;
  - (iv) utilising an independent information verification process, such as accessing public and private databases;
  - (v) obtaining prior bank references;
  - (vi) visiting the corporate entity; and
  - (vii) contacting the corporate entity by telephone, mail or e-mail; and
  - (viii) any other means that the LDM deems appropriate.
- 3) Where possible, verify the genuineness and authenticity of the client information provided and the application to open an account with the LDM.
- (3) For the purpose of client documentation, the LDM shall ensure the following:
- (1) a completed client account form, which provides the following:
    - (i) name of the client;
    - (ii) client's date of birth;
    - (iii) client's investment knowledge;
    - (iv) client's investment objectives;
    - (v) client's mailing and contact information; and
    - (vi) client's risk profile; and
    - (vii) client's bank account
  - (2) additional legal documentation as needed to identify the legal responsibility for trading decisions and guarantees of payment and settlement.
  - (3) client account documentation has been signed by:
    - (i) the client;
    - (ii) the LDM's authorized representative; and
    - (iii) a member of the senior management staff of the LDM.
  - (4) An LDM shall sign a management agreement with a client who requires such services.
  - (5) An LDM shall enter into a written agreement with its client. The written agreement shall set out the terms and conditions for the operation of the client's trading account and shall include the client's obligation to comply with these Rules, whether these Rules apply directly or indirectly to the client.

- (3) An LDM shall seek further information from its client in the event of material changes to the client's profile and investment objectives. For this purpose, the LDM shall ensure that:
  - (i) the client's identification process shall not start and end at the point of establishing the relationship but continue as far as the business relationship subsists;
  - (ii) the process of confirming and updating identity and address, and the extent of obtaining additional KYC information collected may however differ from one type of client to another; and
  - (iii) any changes to the said information shall be advised by the client in writing to the LDM as soon as practicable.
- (4) An LDM shall take a risk-based approach to the KYC requirement and update the client's records at least once a year during the relationship.
- (5) Client records shall be kept by the LDM for at least seven (7) years.

## **58. Misleading Act and Conduct**

- (1) An LDM and its RSD shall comply with the Code of Conduct as per the Dealing Membership Rules of the Exchange.
- (2) Among other things, an LDM shall not engage in false market including the buying and selling of the same security to create the appearance of an active market.
- (3) An LDM and its RSD or related person shall not take advantage of a client's Order by trading ahead of the client.
- (4) An LDM shall not provide misleading or unsubstantiated information on the fortunes or circumstances of any issuer.

## **59. General Market Conduct**

- (1) **Dealing Responsibilities**
  - (i) An RSD shall not transact business for an LDM other than his/her registered employer.
  - (ii) An LDM shall bear full responsibility for all transactions through the Exchange undertaken by its RSDs and direct access clients.
  - (iii) In connection with trading on the market, the Exchange shall not recognize any party other than the LDM, and every transaction whether for the account of the LDM or for the account of a principal or transactions being executed for another Member, shall be made in the name of the LDM executing the transaction and according to the rules and procedures of the Exchange.
  - (iv) An LDM or an employee of an LDM shall not accept instructions, or adopt a procedure, which would in anyway, or for any purpose override the duty to execute transactions to the best advantage of clients according to his/her judgment at the time of dealing.



(2) **False Trading Prohibited**

- (i) An LDM or employee of an LDM shall not use, or knowingly participate in the use of any deceptive trading practice in a security, either for the account of the LDM or employee of an LDM, or on behalf of clients, which creates or may create a false or deceptive appearance of trading activity in the security.
- (ii) Without in any way limiting the generality of the foregoing, the following are deemed to be false or deceptive trading practices:

**Approving or entering into the GATS:**

- a) an Order to buy or sell a security with the knowledge that an opposite order or orders of substantially the same size, at substantially the same time and at substantially the same price, have been or will be entered by or for the same or different persons with the intention of creating a false or misleading appearance of active public trading in connection with, or an artificial market price for, such security;
  - b) an Order to buy any security at successively higher prices or an order to sell any security at successively lower prices for the purposes of unduly or improperly influencing the market price of such security; and
  - c) an Order to buy or sell a security which involves no change in the beneficial ownership of that security.
- (iii) An LDM or an employee of an LDM shall report immediately to the Exchange, any suspicious or attempted operation or transaction which could 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.

(3) **Front Running Prohibited**

An LDM or an employee of an LDM or any other Associated Person shall not take advantage of a client's order by trading ahead of it.

(4) **Market Manipulation Prohibited**

An LDM or employee of an LDM shall not effect, take part in, be concerned with or carry out, directly or indirectly, transactions in listed securities that have or are likely to have the effect of raising, lowering, maintaining or stabilizing the price of the securities with the intent to induce other persons to sell, purchase or subscribe to those securities or those of a related body corporate.

(5) **False or Misleading Statement Prohibited**

An LDM or employee of an LDM shall not, directly or indirectly, make or publish in respect of securities, or in respect of the past or future performance of an issuer:

- (i) any statement, promise or forecast which is, at the time and in the light of the circumstances in which it is made, false or misleading or deceptive in respect of any material fact and which the LDM or employee of an LDM knows, or ought reasonably to have known, is false, misleading or deceptive; or
- (ii) any statement, promise or forecast which is, by reason of the omission of a material fact, rendered false, misleading or deceptive and which the LDM or employee of an LDM knows, or ought reasonably to know, is rendered false, misleading or deceptive by reason of the omission of that fact.

(6) **Employment of Manipulative and Deceptive Devices Prohibited**

An LDM or employee of an LDM shall not directly or indirectly in connection with the purchase or sale of securities:

- (i) employ any device or scheme to defraud any other person as a result of a transaction effected through the GATS;
- (ii) engage in any act, practice or course of business in respect of trading on the Exchange which is deceptive, or which is likely to have such an effect contemplated herein; or
- (iii) make an untrue statement of a material fact or omit to state a material fact necessary with the result that the statements made in the light of the circumstances under which they were made, appear truthful.

(7) **Insider Dealing Prohibited**

An LDM or an employee of an LDM shall not, directly or indirectly, deal in any security or cause any other person to deal in securities of such company if it has information which:

- (i) is not generally available publicly; and
- (ii) would, if it were so available, materially affect the price of those securities.

Rules 58 and 59 shall be read together with sections 147 to 153 of the Securities Industry Act, 2016 (Act 929), as amended or replaced from time to time.

**60. Security and Insurance**

An LDM shall take appropriate and diligent security measures concerning its own employee's physical access to computers and other equipment connected to the GATS and the confidentiality of usernames and passwords used to access the GATS.

**61. Exclusion of Liability**

When acting in good faith and without negligence, GSE shall not be liable to any LDM or investor for:

- (i) any loss of opportunity, profit, goodwill, interest or use of money or securities;
- (ii) any other special, indirect or consequential loss, damage, expense, liability or claim;

which is suffered or incurred by any LDM or investor arising from or related to the GATS service.

**62. System Failure**

Where GSE or an LDM is unable to operate the GATS Service due to a system failure or due to an Act of God or force majeure or any act outside the control of GSE, GSE shall not be liable to pay any compensation to any person who incurs a loss as a result of a delay in effecting any transaction.

**63. LDM System Failure**

- (1) An LDM which has system problems which prevent it from accessing the GATS shall notify GSE.
- (2) The LDM may be provided access to the GATS from the Exchange's contingency pool.

- (3) An employee who is authorized by the LDM may request the deletion of all its Orders from the GATS.
- (4) GSE shall make the effort to delete Orders as soon as possible upon receipt of a valid request to do so. However, where an Order is executed before the Exchange is able to act on a request to delete an Order, the LDM shall be obliged to honour the trade.

#### **64. Limitation of Liability**

- (1) GSE's liability to an LDM in respect of the GATS Service, for a loss not excluded by the Rules or arising from any other cause, shall in any event be limited to the net amount that GSE recovers from its insurers or any other person for and in respect of that loss.
- (2) Where the aforesaid liability is incurred by GSE towards more than one LDM or investor, the net amount recovered by GSE as aforesaid shall be distributed among all such LDMs and investors pro rata to their entitlement.

#### **65. Dispute Resolution**

- (1) Where a dispute arises between an LDM and another LDM or an LDM and a Client, the matter will be resolved in accordance with the existing procedures of arbitration and dispute resolution of the Exchange as stated in the GSE Dealing Membership Rules.
- (2) Trading disputes arising during a trading session shall be referred to the Market Controller immediately for resolution. If any of the parties remains dissatisfied with the decision of the Market Controller, the matter shall then be settled by the Exchange in line with the dispute resolution rules under the GSE Dealing Membership Rules.

# PART X

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## LEVIES AND COMMISSIONS ON TRANSACTIONS

## PART X: LEVIES AND COMMISSIONS ON TRANSACTIONS

### 66. Levies and Commissions

- (1) Levies and commissions on Trades shall be applicable to, among others, Ordinary Shares, Preference Shares, Mutual Funds and Unit Trusts.
- (2) The levies and commissions in this Part X shall be payable in respect of:
  - (i) GATS trades;
  - (ii) Trades in unlisted securities (OTC trades); and
  - (iii) Indirect transfers.
- (3) The levies and commissions or charge on a transaction shall be in two parts:
  - (i) Regulatory Levies - a total of 0.70% of the value of the transaction;  
and
  - (ii) LDM's Commission - negotiable between client and LDM subject to a minimum of 0.10%  
and a maximum of 1.80% of the value of the transaction.

The regulatory levies shall be apportioned as follows:

GSE	- 0.35%
SEC	- 0.15%
CSD	- 0.15%
Market Development (GSE)	- 0.05%

- (4) The total commission and levies charged on a transaction shall therefore include the following:
  - (i) LDM's net commission;
  - (ii) GSE transaction levy;
  - (iii) SEC levy;
  - (iv) CSD levy; and
  - (v) any other levy or statutory fee.
- (5) The commission on a transaction chargeable by the LDM to its client shall not be below 0.10% and above the maximum of 1.80%. The minimum commission shall not apply to negotiated transactions.
- (6) Total commission and levies chargeable on a transaction shall therefore be a minimum of 0.80% and a maximum of 2.5%.
- (7) Commissions on transactions shall be paid by each party to the transaction (i.e. buyer and seller) whether an LDM or an LDM's client.
- (8) For the avoidance of doubt, GSE, SEC and CSD transaction and market development levies as provided in 66 (1) and (2) shall be paid by each party to the trade (buyer and seller) by or on the date of settlement for that trade- whether an LDM or an LDM's client and at the rates specified.

- (9) Failure by an LDM to pay levies on transactions especially GSE, SEC, CSD and Market Development levies on due dates attract both of the following sanctions:
- (i) A penalty of the sum of 25% of the total levies that should have been paid; and
  - (ii) Suspension from trading for as long as the original levies and penalty remain unpaid.
- (10) The level of commission and levies shall be reviewed by the Council of the Exchange from time to time subject to the approval of the SEC.
- (11) **Granting of Discounts**  
The MD, upon receipt of a request from an LDM, in consultation with the Council, may grant discounts not exceeding 25% of the levy due to the Exchange if the value of the transaction is in excess of GH¢50 million.

# APPENDIX 1

## Order Types

The following is with reference to Rule 18 of these Rules.

### 1. Market Order

This is an order to buy or sell a specific number of securities at the best available price at that time on the market. Market orders are always executed at the best available price, whatever the price may be. No price is specified for this type of order, but volume must be indicated.

This order cannot be qualified with order qualifiers or time in force qualifiers.

### 2. Limit Order

Limit orders are always executed at the specified limit price. These orders can be qualified with either **order qualifiers** or **time in force qualifiers**

- a. Buy Limit order can only be executed at the specified limit price or lower.
- b. Sell Limit order can only be executed at the specified limit price or higher.

### 3. Types of Order Qualifiers

#### No Qualifier:

Limit orders can be placed without any qualifiers. However, Buy Limit orders and Sell Limit orders can be qualified with the following qualifiers:

#### a. Fill or Kill Order (FOK):

If you place a limit order with an FOK attribute, it means that the order requires the immediate purchase of a specified quantity, at a given price or better (order must be executed immediately in its entirety). If the whole order cannot be filled immediately, it is cancelled. In this case, partial execution of order is not allowed. FOK orders cannot be entered during the pre-opening session.

#### b. Immediate or Cancel (IOC):

If you place a limit order with an IOC attribute, it means that the order requires the immediate purchase or sale for the whole or part of the specified quantity at the specified or better price. If no immediate execution occurs the order is cancelled. If the order is partly executed, the remainder is immediately cancelled. IOC orders cannot be entered during the pre-opening session.

#### c. Hidden Order (HO)

If you place a limit order with a hidden attribute, then its size should be revealed at the disclosed quantity and not at the full order quantity. The disclosed quantity will cause execution to occur in blocks of disclosed quantity. The hidden quantity will not be visible to the market. When the disclosed quantity is matched, a new order with the same initial volume is generated automatically. The process will continue until the entire hidden quantity is matched or the order is cancelled or expired.

#### 4. **Types of Time in Force Orders (TIF)**

Time in Force orders will be valid till the mentioned date. These orders will be uploaded in the ATS at day start in loaded state and these orders will not be able to change.

1. **Day Order (DO):** which shall mean and denote an order that is valid only for the day it is given and unless otherwise stated all orders shall be presumed to be day orders.
2. **Good Till Cancelled Order (GTC):** If a limit order is placed with a GTC attribute, then this order remains valid for a fixed number of days, which by default is 30 days in the EZ trade. If it is not executed within the validity period, it will expire at the end of the final day and will be automatically deleted from the list of pending orders.
3. **Good Till Date:** If you place a limit order with a GTD attribute, then this order remains valid till defined number of days (calendar days) from the day on which it was input. The order will automatically cancel by the system on the expiry date.



## APPENDIX 2

The following is with reference to Rule 27 of these Rules.

### **RULES FOR THE UNLISTED SECURITIES MARKET (OVER-THE-COUNTER)**

#### **1. INTRODUCTION**

- (1) These Over-The-Counter (OTC) Market Rules are made by the Ghana Stock Exchange (GSE) pursuant to powers conferred by section 44 of the Securities Industry Act, 2016 (Act 929) to amend the existing trading rules with the approval of the Securities and Exchange Commission.
- (2) The principal objectives of these rules are to provide:
  - (a) a fair, orderly and efficient market in the trading of securities issued by public companies which have not been admitted to any of GSE's markets;
  - (b) the requirements for obtaining admission of securities onto the OTC market; and
  - (c) the requirements for maintaining admission onto the OTC market.
- (3) The GSE Trading Rules shall apply to the trading of securities admitted to the OTC market unless otherwise stated in these OTC market rules.

#### **2. CONDITIONS FOR ADMISSION OF SECURITIES TO THE MARKET**

- (1) The securities that are admitted to the OTC market are securities that are not traded on the main board or the alternative board of the GSE. A company that seeks admission to the OTC market shall meet the conditions outlined below.
  - (a) A company that intends to have its securities admitted and traded on the OTC market shall be any of the following:
    - (i) a public limited liability company incorporated under the laws of Ghana; and
    - (ii) any other public company accepted by the GSE.
  - (b) The public company should not have filed for bankruptcy or be undergoing liquidation.
- (2) The securities that will be considered for admission onto the OTC market are:
  - (a) securities, including, but not limited to ordinary shares and preference shares and issuances resulting from corporate actions such as, but not limited to, rights in respect of any shares;
  - (b) derivatives as defined in Act 929, depository receipts, as well as rights to dividends, interest or other income or subscription rights; and
  - (c) securities issued by collective investment schemes including any rights or interest whether described as units or otherwise under any unit trust, mutual fund, hedge fund or Real Estate Investment Trust (REIT).

- (3) Securities shall be admitted into the Central Securities Depository (CSD) before trading shall commence in them.

### **3. PROCESS FOR ADMITTING SECURITIES ONTO THE OTC MARKET**

- (1) A company whose securities are to be admitted onto the OTC market shall submit the following supporting documents:
- (a) the profile of the company;
  - (b) the company's audited financial statements and annual reports for at least three (3) years or such shorter period as the company may have been in existence;
  - (c) the company's constitution; and
  - (d) any other document that may be requested by the Exchange.
- (2) Where any of the documents specified in sub-rule 1 above are not submitted because they are not applicable, the issuer shall submit a separate paper explaining why those documents are not applicable.

### **4. REPORTING AND DISCLOSURE REQUIREMENTS**

- (1) An issuer admitted onto the OTC market shall comply with these rules in addition to all reporting and other regulatory requirements in the Companies Act, 2019 (Act 992), the Securities Industry Act, 2016 (Act 929) as amended, the Securities and Exchange Commission Regulations, 2003 (L.I. 1728) as amended, and any other applicable laws. The reporting requirements include the publication of the issuer's:
- (a) audited financial statements not later than 3 months after the relevant financial year; and
  - (b) unaudited half-year financial statements not later than one month after the end of the half-year;
- (2) An issuer shall immediately disclose any:
- (a) material facts, changes or decisions relating to the issuer that may influence decisions taken by investors;
  - (b) proposed dividends payable on its securities and any decisions regarding the payment of dividends and the time of payment;
  - (c) application filed with a court to wind up the issuer or any of its subsidiaries; and
  - (d) the appointment of a receiver or liquidator of the issuer or any of its subsidiaries to the public through the GSE.

"Immediately" under this rule 4, shall mean one Business Day.

- (3) An issuer that breaches Rule 4 shall additionally be sanctioned under the provisions of the Securities Industry Act, 2016 (Act 929) as amended.

## **5. TRADING OF SECURITIES ADMITTED ONTO THE OTC MARKET**

- (1) All OTC securities shall be traded through the GATS.
- (2) GATS shall provide a separate market for OTC securities.
- (3) OTC securities shall be traded in single units.
- (4) OTC securities shall not participate in Pre-open and Open segments of the market but shall trade throughout the trading session.

## **6. PRICE**

- (1) There shall be no price caps in respect of transactions in OTC securities.
- (2) The Closing price shall be the volume weighted average price for the OTC securities on a trading day.
- (3) The opening day price shall be the previous day's closing price which is the volume weighted average price of the previous day.

## **7. INDEX CALCULATION**

OTC securities shall not be included in the computation of the GSE's Composite Index and Financial Stock Index. A separate index may be computed for OTC securities.

## **8. TRADE REPORTING**

Trades executed in any OTC securities shall be recorded in the GSE Official Trading Report in a subsection labelled for that purpose.

## **9. CLEARING AND SETTLEMENT OF OTC SECURITIES**

Transactions in OTC securities shall settle through the Central Securities Depository (CSD) System in accordance with the prevailing CSD Settlement Rules and Procedures.

## **10. FEES**

- (1) Admission Fee and Annual Fee  
There shall be no admission fee or annual fee to the issuer for having its securities traded on the Exchange's platform.
- (2) Trading fees  
Levies and commissions on Trades shall be applicable to, among others, Ordinary Shares, Preference Shares, any rights or interest whether described as units or otherwise under any unit trust or mutual fund.

- (3) The levies and commissions or charge on a transaction shall be in two parts:
- (a) Regulatory Levies - a total of 0.70% of the value of the transaction; and
  - (b) LDM's Commission - negotiable between client and LDM subject to a minimum of 0.80% and a maximum of 1.80% of the value of the transaction.
- (4) The regulatory levies shall be apportioned as follows:
- (a) GSE - 0.35%
  - (b) SEC - 0.15%
  - (c) CSD - 0.15%
  - (d) Market Development (GSE) - 0.05%
- (5) The total commission and levies charged on a transaction shall, therefore, include the following:
- (a) LDM's net commission;
  - (b) GSE transaction levy;
  - (c) SEC levy;
  - (d) CSD levy; and
  - (e) any other levy or statutory fee.
- (6) The commission on a transaction chargeable by the LDM to its client shall not be below 0.80% and above the maximum of 1.80%. The minimum commission shall not apply to negotiated transactions.
- (7) The total commission and levies chargeable on a transaction shall, therefore, be a minimum of 1.50% and a maximum of 2.50%.
- (8) Commissions on transactions shall be paid by each party to the transaction (i.e. buyer and seller) whether an LDM or an LDM's client.
- (9) For the avoidance of doubt, GSE, SEC and CSD transaction and market development levies shall be paid by each party to the trade (buyer and seller) by or on the date of settlement for that trade-whether an LDM or an LDM's client and at the rates specified.
- (10) Failure by an LDM to pay levies on transactions especially GSE, SEC, CSD and Market Development levies on due dates attract both of the following sanctions:
- (a) A penalty of the sum of 25% of the total levies that should have been paid; and
  - (b) Suspension from trading for as long as the original levies and penalty remain unpaid.
- (11) The level of commission and levies shall be reviewed by the Council of the Exchange from time to time subject to the approval of the SEC.

(12) **Granting of Discounts**

The Managing Director of the GSE, upon receipt of a request from an LDM, in consultation with the Council, may grant discounts not exceeding 25% of the levy due to the Exchange if the value of the transaction is in excess of GH¢50 million.

## **11. ADMISSION TO OR LISTING ON ANOTHER MARKET SEGMENT**

An issuer on the OTC market who wishes to be admitted to or listed on another market segment of the Exchange shall meet the requirements of that market segment.

## **12. POWER TO MODIFY RULES**

These Rules may be amended by the Exchange, subject to the prior approval of the Securities and Exchange Commission.

## **13. APPLICATION OF THE RULES**

In the application of these Rules, the Exchange may waive, exempt or impose additional requirements or special conditions whenever it considers appropriate with the approval of the Commission.

This Appendix 2 was approved by the Securities and Exchange Commission in December 2022.



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