



GSE
GHANA STOCK EXCHANGE



**OTC MARKET
RULES**

DECEMBER 2022

UNLISTED SECURITIES
(OVER-THE-COUNTER)
MARKET RULES

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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, depositary 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.

These Unlisted Securities (Over-The-Counter) Market Rules were approved by the Securities and Exchange Commission in December 2022.



CONTACT US:

Ghana Stock Exchange
5th & 6th Floors, Cedi House, Liberia Avenue
P.O. Box GP 1849, Accra
Digital Address: GA-077-9168

+233-30-266-9935
+233-30-266-9914
+233-30-266-9908
+233-55-009-5987

 info@gse.com.gh
 www.gse.com.gh

 [gstockexchange](https://twitter.com/gstockexchange)
 [ghanastockexchange](https://www.facebook.com/ghanastockexchange)
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