



GSE
GHANA STOCK EXCHANGE



OTC MARKET RULES

FEBRUARY 2024

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” or “Exchange”) pursuant to the GSE’s securities market licence and are approved by the Securities and Exchange Commission (SEC) in accordance with the Securities Industry Act, 2016 (Act 929) as amended.
- (2) The Rules shall be read 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) as amended;
 - (ii) Securities and Exchange Commission Regulations, 2003 (L.I. 1728);
 - (iii) Securities Industry (Over-The-Counter Market) Guidelines 2022;
 - (iv) Securities Industry guidelines, codes, directives, circulars;
 - (v) Securities Industry(Registration of Securities) Guidelines 2020
 - (vi) Anti-Money Laundering Act, 2008 (Act 749);
 - (vii) Foreign Exchange Act, 2006 (Act 723);
 - (viii) Data Protection Act, 2012 (Act 843);
 - (ix) Central Securities Depository Act, 2007 (Act 733);
 - (x) Ghana Stock Exchange Trading Rules (Equities), 2020;
 - (xi) Ghana Stock Exchange Dealing Membership Rules, 2006;
 - (xii) Ghana Stock Exchange Surveillance Rules 2012;
 - (xiii) Central Securities Depository Operational Rules, 2016;
 - (xiv) Central Securities Depository Clearing and Settlement Rules, 2016; and
 - (xv) Any other applicable laws and rules.

Where there are conflicts or inconsistencies between these OTC Market Rules and any of the laws, guidelines and rules referred to in (i) to (viii) above, then the laws, guidelines and rules referred in (i) to (viii) above shall prevail. Where there are conflicts or inconsistencies between these OTC Market Rules and any of the rules referred to in (ix) to (xvi) above, then the same shall be referred to the Exchange for determination.

These Rules shall be construed in accordance with, and governed by, the laws of Ghana.

- (3) 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.
- (4) 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. 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:

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

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.

EXCHANGE/GSE means the Ghana Stock Exchange.

GATS or GSE AUTOMATED TRADING SYSTEM means the electronic trading system of the Ghana Stock Exchange.

IMMEDIATELY "Immediately" means one Business Day.

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

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.

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

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.

OTC MARKET means the over-the-counter market of the GSE.

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

RSD means a Registered Securities Dealer of an LDM.

SECURITIES shall have the same meaning as in the Securities Industry Act, 2016 (Act 929), as amended.

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.

UNLISTED SECURITIES means a financial instrument that is admitted to the OTC market of the Exchange.

3. 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.

4. 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.

5. 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.
- (3) An issuer that breaches Rule 5 shall additionally be sanctioned under the provisions of the Securities Industry Act, 2016 (Act 929) as amended.

6. 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.

7. 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.

8. 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.

9. TRADE REPORTING

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

10. CLEARING AND SETTLEMENT OF OTC SECURITIES

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

11. 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	-	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.

12. 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 of the Exchange shall meet the requirements of that market.

13. POWER TO MODIFY RULES

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

14. 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.

15. Effective Date

These Rules shall be effective on February 1, 2024



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