

THE CENTRAL SECURITIES DEPOSITORY (GH) LTD.
(OPERATIONAL) RULES

THE CENTRAL SECURITIES DEPOSITORY (OPERATIONAL) RULES

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PART I. PRELIMINARY

1. Citation

These rules may be cited as the Central Securities Depository (GH) Ltd. (CSD) Operational Rules.

2. Interpretation

In these rules, unless the context otherwise requires -

- (a) capitalized terms used herein and defined in the Act shall have the meaning given to them by the Rules;
- (b) a reference to any legislation includes any statutory modification or re-enactment of, and any statutory instrument issued under that legislation;
- (c) a reference to these Rules, the Procedures, the Fees and Charges Schedule, or the Designated Time Schedule is a reference to these Rules, Procedures, Fees and Deposits Schedule or the Designated Time Schedule as modified or amended from time to time;
- (d) a word denoting a person includes a company or other body corporate, firm, authority or government;
- (e) if an expression is given a particular meaning, another part of speech or grammatical form of that word or expression has a corresponding meaning; and
- (f) a reference to power includes a reference to authority and discretion.

(2) Headings

In these Rules, headings are for convenience of reference and do not affect interpretation.

(3) Conduct, acts and omissions

- (a) In these Rules, a reference to conduct or engaging in conduct includes a reference to doing or refusing to do any act, including the making of, or the giving effect to an agreement.
- (b) In these Rules, conduct engaged in on behalf of a person:
 - (i) by an officer, employee, registrar or other agent of the person within the scope of the actual or apparent authority of

the officer, employee, registrar or other agent; or

(ii) by any other person at the direction or with the consent or agreement (whether express or implied) of an officer, employee, registrar or other agent of the person, where the giving of the direction, consent or agreement is within the scope of the actual or apparent authority of the officer, employee, registrar or other agent, is taken to have been engaged in by the person.

(c) If for the purposes of these Rules in respect of conduct engaged in by a person, it is necessary to establish the state of mind of the person, it is sufficient to show that an officer, employee, registrar or other agent of the person by whom the conduct was engaged in within the scope of the actual or apparent authority of that officer, employee, registrar or other agent, had that state of mind.

(d) A reference in Rule 3(c) to the state of mind of a person includes a reference to the knowledge, intention, opinion, belief or purpose of the person and the person's reasons for the person's intention, opinion, belief or purpose.

(e) In these Rules, unless the contrary intention appears, a reference to doing any act or thing includes a reference to causing, permitting or authorising the act or thing to be done.

(4) **Purpose or Object of Rules**

In the interpretation of a Rule, a construction that would promote the purpose or object underlying the Rule (whether that purpose or object is expressly stated in the Rule or not) is to be preferred to a construction that would not promote that purpose or object.

(5) **Notice, notification and service of documents**

(a) In these Rules, a reference to notifying a person of any matter is a reference to transmitting a message containing that matter to the person.

(b) For the purposes of these Rules, a Notice which is transmitted by the CSD to a Depository Participant (DP) shall be taken to be received by the DP when matters comprised in the Notice show on the computer terminal that is linked to the CSD system.

(c) If any Rule requires or permits the giving of notice of any matter to a person, such notice shall be given in writing.

(d) For the purposes of any Rule that requires or permits a notice or document to be given to a person, whether the expression "serve",

"give" or "send" or any other similar expression is used, the notice or document may be given:

- (i) to a natural person:
 - by delivering it to the person personally;
 - by leaving it at, or by sending it by courier or registered post to, the address of the place of residence or business of the person last known to the person serving the notice or document;
 - by sending it by facsimile to the person's facsimile number last notified to the person giving the notice or document; or
 - by sending it by email to the person's email address that CSD has established for the giving of notices or documents to such person;
 - (ii) to a company or other body corporate:
 - by leaving it at, or sending it by courier or registered post to, in the case of a company, its registered office and, in the case of any other body corporate, its head office;
 - by sending it by facsimile to the company's or body corporate's facsimile number last notified to the person giving the notice or document; or
 - by sending it by email to such company or body corporate's email address that CSD has established for the giving of notices or documents to such company or body corporate; or
- (e) For the purposes of Rule 5(d)
- (i) a notice or document sent by registered post shall be taken to be received within 5 business days after the notice or document, in a correctly addressed and stamped envelope or other covering, is put in the registered post;
 - (ii) a notice or document sent by courier shall be taken to be received at the time of delivery to the correct address;
 - (iii) a notice or document sent by facsimile shall be taken to be received when the sender's facsimile machine indicates a successful transmission to the correct facsimile number; and

- (iv) a notice or document sent by email shall be taken to be received by the addressee when the sender's computer indicates a successful transmission of such notice or document.
 - (f) Notwithstanding anything to the contrary contained in these Rules, if a notice or document is sent by courier or registered post, as provided in Rule 5(d), and is returned undelivered because:
 - (i) of the unavailability of the addressee at the address to which the notice or document was sent, or
 - (ii) the place of residence, the place of business, the registered or the head office, as the case may be, to which the notice or the document was sent was found to be closed or found to be not the place of residence, place of business, the registered or the head office, as the case may be, of the addressee, such notice or document shall nevertheless be deemed to have been received by the addressee for the purposes of these Rules.
 - (g) Nothing in Rule 5(d) prevents notices or documents being sent or given to, or served on, a person in any other manner required or permitted by law.
 - (h) If under these Rules the CSD is to give any notice or document to all DPs, Issuers and Registrars, etc. accidental omission by the CSD to give notice or document to one or more DPs, does not affect the validity and enforceability of any resolution, decision, proceeding or act in connection with which the notice or document was to have been given, provided that the notice is published in a widely circulated media to which all DP's, issuers and registrar's have access to.
- (6) **Defect, irregularities and deficiencies**

A decision, resolution, proceeding or act of the CSD under these Rules is not invalidated by any defect, irregularity or deficiency of notice or time unless:

- a) a DP concerned by the defect, irregularity or deficiency requests the CSD to resolve that the decision, resolution, proceeding or act is invalid;
- b) the CSD reasonably believes that the defect, irregularity or deficiency has caused or may cause substantial injustice which cannot reasonably be avoided; and
- c) the CSD accordingly resolves that the decision, resolution, proceeding or act is invalid.

(7) **Deposit of Securities in the CSD**

In these Rules, a reference to depositing in the CSD of any Eligible Securities which are registered-form of securities is a reference to:

- (a) the performance by a depositing holder of an account, of his duties under Rule 44; and
- (b) the performance by the issuer of such Eligible Securities of its duties under Rule 49.

(8) **Withdrawal of Securities from the CSD**

In these Rules, a reference to withdrawal of registered-form securities from the CSD is a reference to:

- (a) the performance by a withdrawing holder of an account of his duties.
- (b) the performance by the issuer of such Securities of its duties.

(9) **Withdrawal of Government of Ghana Securities**

Government of Ghana securities with the depository are not subject to Withdrawals.

(10) **Book-entry Securities of an Issuer**

In these Rules, a reference to book-entry securities of an Issuer is a reference to the securities of an Issuer which are deposited in the CSD.

PART II. PART II - GENERAL

(A) THE CSDGHANA LIMITED (CSD)

3. Establishment and Commencement of the CSD

- (1) The CSD shall establish the CSD system which shall be maintained in accordance with these Rules.
- (2) The CSD shall give notice to the Commission, the Stock Exchange and all DPs (DPs) that, with effect from the date specified in the notice, the CSD System shall become operational.

4. Functions of the CSD

The CSD shall:

- (a) establish and administer the CSD system.
- (b) facilitate the admittance of securities into the CSD system.
- (c) facilitate the admittance of eligible intermediaries as DPs into the CSD system.
- (d) facilitate the deposit and withdrawal of certificates in respect of securities admitted in the CSD system.
- (e) open, maintain and close securities accounts;
- (f) establish a proper and efficient system for the verification, inspection, identification and recording of book-entry securities within the CSD system;
- (g) facilitate the making of entries in securities accounts;
- (h) provide facilities for effecting pledges in respect of book-entry securities, stock borrowing, lending, repurchase agreement (repos), collateralization and their associated risk management.
- (i) provide information in relation to book-entry securities to DPs and other persons in accordance with the Act and these Rules;
- (j) provide corporate action services to securities accounts holders.
- (k) facilitate the general meeting of listed companies
- (l) facilitate the efficient collection of fees and other charges that may be levied on its services;
- (m) guard against falsification of any records or accounts required to be kept or maintained under these Rules;
- (n) facilitate clearing and settlement services of securities transactions
- (o) perform other functions that are necessary to ensure orderly dealings in admitted or dematerialized securities or as the Commission may from time to time prescribe.

5. Powers of the CSD

- (1) The CSD has such powers as are conferred on it by or under:
 - (a) the CSD Act 2007 (Act 733);
 - (b) these Rules; or
 - (c) any agreement or arrangement with DPs or any other person.
 - (d) the Securities Industry Law, 1993, PNDCL 333, as amended
- (2) Unless the contrary intention appears, powers conferred on the CSD under Rule 5 (1) shall be exercised in such manner as the Board may from time to time prescribe.
- (3) The CSD may, in authorizing any DPs to perform any of the approved functions, impose such requirements or conditions as it considers necessary to ensure orderly deposits, withdrawals, transfers of book-entry securities, payment of cash and dealing in securities.

6. Delegation of functions and powers

- (1) the Board of the CSD may delegate any of their powers and functions under these Rules to:-
 - (a) the Chief Executive Officer of the Depository; or
 - (b) any one or more other officers of the CSD.
- (2) A delegation of a power or function, or of a specified class of powers or functions, may be made either generally or as otherwise provided by the terms of delegation.

7. Binding effect of the Rules

These Rules have the effect of a contract between the CSD and all DPs under which each DP agrees with the CSD to observe the Rules and to perform the obligations which the Rules impose on the DP, in the manner provided by the Rules.

8. Procedures

- (1) The Board may make Procedures for the structure of transactions and parameters of reports in the CSD system.
- (2) Failure by any DP to comply with any part of the Procedures is a contravention of the Rules.
- (3) The CSD shall give ten (10) business days' notice to DPs prior to implementing changes to the Procedures.

9. CSD fees and charges

- (1) The Board shall, with the prior approval of the Commission, make a Fees and Charges Schedule specifying fees and charges payable for facilities and services provided by the CSD, and the time by which, or period within which, the fees and charges must be paid.
- (2) In consideration of the facilities and services provided to it by the CSD, each DP shall pay fees and charges to the CSD in accordance with the Fees and Charges Schedule.
- (3) The Fees and Charges Schedule may include fees and charges imposed to recover costs, damages and expenses incurred by the CSD by reason of a failure by a DP to comply with these Rules.
- (4) The CSD shall notify DPs of any changes to the Fees and Charges Schedule 14 calendar days prior to implementing those changes.

10. Designated Time Schedule

- (1) The Board shall draw-up a Designated Time Schedule specifying designated times for the transmission of any transactions or requests for any reports made to the CSD in accordance with these Rules.
- (2) Where any Rule specifies the designated time within which a transaction or a request for a report may be transmitted; and the transmission is made outside that designated time, then the CSD shall reject the transmission and notify the originating DP (DP) of the rejection.
- (3) The CSD shall notify DPs of any changes to the Designated Time Schedule 14 calendar days prior to implementing those changes.

11. CSD Indemnity

- (1) The CSD shall be responsible for its own operations and functions and shall indemnify and hold indemnified the DPs from any loss, legal costs (including third party legal costs), damage or liability suffered and incurred directly as a result of any negligence, omission, mistake, misrepresentation, fraud or error on the part of the CSD, its servants, and agents.
- (2) Every DP shall be responsible for its own operations and functions as required to be maintained under the CSD Ac 2007 (Act 733), Securities and Exchange Commission(SEC) Acts and Regulations, these Rules and the Procedures and shall indemnify and hold indemnified the CSD for any loss, legal costs (including third party legal costs), damage or liability suffered or incurred by the CSD, whether directly or otherwise, as a result of any negligence, omission, mistake, misrepresentation, fraud or error on the part of the DP, its servants or agents.

12. Disputes between DPs

- (1) Any dispute between DPs in relation to matters arising under or regulated by these Rules may be referred by any DP to the Chief Executive Officer (CEO) of the Depository for determination.
- (2) The reference made to the Chief Executive Officer of the Depository under this Rule shall:
 - (a) be made in writing together with the statement that the complaint is made pursuant to Rule 12; and
 - (b) must contain sufficient particulars for the CEO of the Depository to form a *prima facie* view that the DP referring the dispute has suffered, or is likely to suffer a loss as a result of a contravention of these Rules by another DP.
- (3) Upon referral of a dispute, the Chief Executive Officer may inquire into all facts, matters and circumstances relevant to the dispute and for this purpose may take statements (orally or in writing) from persons, request documents or other evidence and generally conduct his inquiries and proceedings for the resolution of the dispute.
- (3) Except as required by law, no person may use or disclose information, statements, documents or other evidence obtained by the person as a result of an inquiry into a dispute, for any purpose other than the resolution of that dispute.
- (4) The Chief Executive Officer shall have 14 working days to resolve or settle the dispute.
- (5) Any party in the dispute not satisfied with the resolution of the dispute may appeal the decision in accordance with Rule 57 of these Rules.

13. Complaints against DPs

If any person gives notice to the CSD of a complaint against a DP in relation to use by the DP of facilities provided by the CSD or non-compliance by the DP with regard to these Rules, the CSD shall consider the complaint and take such action as it considers appropriate for the resolution of the complaint in the circumstances, including inspecting records, requesting information and/or taking disciplinary action. Where applicable the following disciplinary action may apply:

- (a) Suspension of the DP from depository activities.

14. Complaints against the CSD

- (1) Subject to Rule 13, if a DP has a complaint in relation to:
 - (a) any failure, complete or partial, or inefficiency in the performance of any function of the CSD; or
 - (b) any contravention by the CSD of its obligations under these Rules, such a complaint may be referred to the Chief Executive

Officer (CEO) of the Depository for determination in accordance with Rule 14 (3).

- (2) The reference made to the CEO of the Depository under Rule 14(1) shall be made in writing.
- (3) Upon referral of a complaint, the CEO of the Depository may inquire into all facts, matters and circumstances relevant to the complaint and take such action as is necessary for the resolution of the complaint.
- (4) If the parties fail to settle within 14 working days, the matter should be referred to the Securities and Exchange Commission.

15. Settlement of securities transactions in the CSD system

- (1) The following securities transactions are prescribed by the CSD for settlement in the CSD system:
 - (a) a gift of securities;
 - (b) the lending of securities;
 - (c) return of borrowed securities;
 - (d) discharge of any requirement prescribed by any law in force for the time being or imposed under an order of any court;
 - (e) deposit of securities into or a withdrawal of securities from the CSD system
 - (f) any other transactions approved by SEC.
- (2) transfer of any book-entry securities in connection with the issuance of any depository receipts or transfer of any book-entry securities resulting from the cancellation of any depository receipts.

16. Reports available in the CSD system

- (1) Reports as may be prescribed from time to time in the Procedures may be obtained from the CSD by:
 - (a) any account holder in relation to his accounts; and
 - (b) any pledgee in relation to any book-entry securities pledged to him.

17. Confirmation of statements by the CSD

The CSD shall on payment of such fee as may be prescribed from time to time, confirm or verify on application made by any person, a statement of holdings provided by their DPs to their clients.

PART III. PART III - GENERAL

(B) APPOINTMENT OF CENTRAL SECURITIES DEPOSITORY PARTICIPANTS (DPS)

18. Eligibility

- (1) Only persons prescribed under Section 9 of the Central Securities Depository Act 2007, (Act 733) shall be eligible for appointment as DP.
- (2) All appointments of DP's shall be made by the CSD in writing under the hand of the Chief Executive Officer of the CSD.

19. Application

An application for appointment to operate as a DP shall be submitted to the Chief Executive Officer of the CSD as set out in the CSD Operational Procedure and shall be accompanied by -

- (a) The Regulations or any other document that defines the constitution of the applicant;
- (b) A letter of no objection from the industry regulator (where applicable) including, if the applicant is a member of the securities exchange, a letter of no objection from the Securities and Exchange Commission or National Insurance Commission or the Bank of Ghana or National Pensions Regulatory Authority (NPRA) if the person is licensed by NPRA.
- (c) Profile of the firm including experience and expertise of its Directors and Management.
- (d) A current license of operation (where applicable) from the regulator;
- (e) A copy of Board Resolution authorizing execution of the admission of the application and a statement by directors of the applicant of ability to provide the required services including financial resources to meet its obligations, the SEC rules, these rules and the participation agreement;
- (f) Details of key personnel, their training, experience and skill;
- (g) Appointment of a settlement partner.
- (h) Specimen signature of Authorised Personnel
- (i) Relevant CSD Agreements; DPs Agreement (between the CSD and DPs) and the Settlement Partner Agreement (between Settlement Partner and DP)
- (j) Copy of the committed line of credit agreement between the DP and the settlement partner.
- (k) Meets the financial, technical and performance requirements, capacity and business integrity requirements.

20. Admission as a DP

The CSD shall admit as a DP, a body corporate making an application pursuant to Rule 19, if the CSD is satisfied that:

- (a) the applicant meets the Financial Requirements of Rules 21.
- (b) the applicant meets the Technical and Performance Requirements of Rule 22.
- (e) the applicant meets the Business Integrity Requirements of the CSD as per Rule 23;
- (d) the CSD has the data processing capacity and operational capabilities to provide service to the new or additional DP without endangering or impairing the integrity of the CSD system or its orderly functioning.
- (c) the applicant meets the capacity requirements of Rule 24
- (f) the applicant has supplied any additional information required by the CSD .

21. Financial Requirements

- (1) Any application for admission to the CSD shall be by the most current version of the Admission Form duly completed and signed and shall:
 - i. show that the applicant can meet its financial obligations to the CSD. It shall be the equivalent of the minimum stated capital of their respective regulators;
- (2) The CSD may by Notice require an applicant for admission to the CSD as a DP, to provide it with any additional information in relation to the application which the CSD thinks necessary for the consideration of the application.
- (3) The CSD may seek information from persons other than the applicant to the extent that the CSD thinks necessary in considering whether to grant admission to the applicant or not.
- (4) Subject to any need to disclose information in order to seek other information, or unless disclosure is required by law, the CSD shall maintain the confidentiality of each application and information contained in or supplied in connection with an application.

22. Technical and Performance Requirements

- (1) The technical requirements are that, to the reasonable satisfaction of the CSD:
 - (a) as determined during Pre-commencement Testing, the applicant has, the full complement of equipment, as prescribed by the CSD, and necessary to communicate reliably with the CSD system; and
 - (b) the applicant has the operational capabilities as prescribed by the CSD to the extent envisaged in these Rules and Procedures.
- (2) The performance requirements are that, the applicant employs or retains such personnel familiar with these Rules and the Procedures as are necessary to allow the applicant to carry out its obligations in accordance with these Rules and the Procedures.

23. Business integrity requirements

The business integrity requirements for an applicant which is a company or other body corporate are that:

- a) its Chief Executive Officer/ Managing Director or other officer has not, (at any time within 5 years) before making an application for admission to the CSD , been convicted of an offence involving fraud.
- b) the company is in a good standing with its Sector Regulator;
- c) the CSD has no reason to believe that the applicant will not carry out its obligations efficiently, honestly and fairly.

24. Capacity requirements

The capacity requirements are that for an applicant which is a company or other body Corporate, it must not be in any form of receivership or winding up or liquidation and must satisfy the requirements under rules 21,22, and 23.

25. Execution of DP Agreement

An applicant shall, as a precondition to admission to the CSD in the capacity of a DP, enter into a DP Agreement with the Depository.

- (a) Every applicant shall make appropriate arrangements with the settlement partner to effect payment in accordance with these rules and the procedures set out in the Procedures Manual and authorise the settlement partner to effect settlement in accordance with instructions received from the CSD, and to disclose to the CSD information regarding the availability of funds to satisfy the DP's settlement obligations. In the case of a Primary Dealer that is a bank, it shall act as its own settlement partner.

26. Conditions

The CSD may, in appointing any DP to perform any of the approved functions as set out herein, impose such requirements or conditions, as it considers necessary to ensure orderly deposits, withdrawals, transfers of book-entry securities, payment of cash and dealings in securities.

27. Appointment

- (1) Upon finding an applicant fit for appointment as a DP and upon the applicant satisfying the requirements under rule 19 and 20, the CSD shall appoint the applicant as a DP. In addition the DP, shall be required to show evidence of contribution to the Settlement Guarantee Fund, Payment of Admission fee as prescribed by the CSD and a copy of the credit line with its settlement partner.
- (2) The DP shall upon executing the Participation Agreement be duly appointed and entitled to commence operations as a DP on the terms set out in the Participation Agreement.
- (3) Without prejudice to the provisions herein any stockbroker, discount House, Bank or Primary Dealer shall qualify for appointment as a DP.
- (3) Any person aggrieved by a decision of the CSD not to appoint him as a DP may appeal to the Business Conduct Committee (BCC) of the CSD and thereafter to the SEC or the Bank of Ghana (as the case may be) whose decision shall be final.

28. Fees

Every DP shall pay a one off admission fee and an annual subscription fee prescribed by the CSD which shall be payable at the commencement of every calendar year following the year of appointment.

29. Continuing Obligations

Every DP shall, throughout the term of its appointment: -

- (a) not later than three (3) months after the end of its financial year or such longer period as the CSD may allow, submit to the c a copy of its audited financial statements;
- (b) maintain all its equipment and facilities, including the hardware and software, in the manner specified in writing by the CSD from time to time;
- (c) comply with the settlement obligations as provided in these rules;
- (d) comply with the SEC rules, and these rules,
- (e) comply with technical and security standards as may be prescribed by

the CSD from time to time;

- (f) provide such other documents as may reasonably be required by the CSD from time to time; and
- (g) meet all other conditions that may reasonably be imposed by the CSD.
- (h) A DP shall:-
 - a) perform functions approved by the CSD under the CSD rules; and
 - b) produce or make available to the CSD or to the Commission when required, any information or document relating to a securities account.

30. Approved Functions

A DP shall be authorized by the CSD to perform any or all of the following functions:-

- (1) collection and submission to the CSD for deposit certificates, for purpose of immobilization of securities;
- (2) submission of requests for withdrawal of certificates in respect of immobilized securities;
- (3) the opening, and maintenance of securities accounts
- (4) the allocation of trades to securities accounts;
- (5) the collection of such fees and charges imposed by the CSD as may be provided hereunder; and
- (6) such other incidental and ancillary functions as the CSD or SEC may determine.

31. Appointment of DP Officers

- (1) A DP (DP) shall be entitled to be represented in respect of its business by a DP Officer who shall be given access to the CSD system by the CSD.
- (2) A member shall not employ or designate any person as its DP Officer unless that person has been approved by the CSD as a DP Officer.
- (3) No restrictions imposed by a DP on the authority of its Officer shall affect the liability of the DP to the CSD arising from transactions on the CSD system.
- (4) A DP Officer shall be regarded by the CSD as authorized by the DP to conduct its business.

32. Code of Conduct for DP Officers

DP Officers are required to comply with the following code of conduct:

- (1) An officer shall act honestly and fairly, with due skill, care and diligence and, where applicable, in the interests of a client or DP.
- (2) An officer shall uphold the integrity of the financial markets.
- (3) An officer shall disclose to a client of relevant material information, including the disclosure of actual or potential own interests;
- (4) An officer shall maintain proper record-keeping;
- (5) An officer shall avoid fraudulent and misleading advertising, canvassing and marketing;
- (6) An officer shall ensure proper safekeeping of transaction documents of clients;
- (7) The officer shall ensure proper separation and protection of funds and securities of clients; and
- (8) Any other matter which is necessary or expedient to be regulated in a code of conduct for the achievement of the objectives of the CSD Rules.

33. Application for approval as a DP Officer

- (1) A DP who desires to appoint a DP Officer shall apply to the CSD.
- (2) CSD shall organize one or more training programmes for the DP Officer at a fee.
- (3) A DP Officer who is employed by a DP immediately upon leaving to another DP shall not be required to go through the training programme. He shall inform the CSD in writing and attach a copy of his resignation letter.
- (4) Where a copy of the letter of resignation is not attached to an application, the applicant shall submit its explanation to the Chief Executive Officer to waive the training programme.
- (5) Where there is a dispute between the former and present member employers of a DP Officer in relation to the application, the CSD shall enquire into the matter and take a decision upon the reasons adduced.
- (6) Where a DP Officer has not been practicing as such for a period of twelve months or more, there shall be conducted, upon his application to resume such practice, a training programme, or a written examination, or combination of these as the CSD shall deem appropriate at a fee prescribed by the CSD from time to time.

- (7) On the approval of the appointment of a DP Officer, his name shall be logged unto the CSD system by the CSD which shall grant him/her access into the CSD system.

34. Qualification for Approval as a DP Officer

- (1) No DP shall allow a person to act as a Participant Officer without the prior approval of the CSD.
- (2) No member shall appoint any person as its DP Officer if that person has been suspended or expelled by the CSD.
- (3) In determining a candidate's acceptability for appointment, the CSD shall look for evidence of:-
- (a) the integrity of the candidate and a record of high standard of business conduct, as shown in the investigations and observations of his employer, previous employers, educational institutions attended and other relevant references;
 - (b) relevant educational or professional qualification the minimum of which is equivalent to a higher national diploma or a university degree and is acceptable to the CSD.
- (4) No person shall qualify to be appointed as a DP Officer unless he has attained the age of 18 years and has gone through the training programme as may be conducted by the CSD.
- (5) The CSD shall conduct periodic refresher courses at times determined by the CSD.

35. Conditions to be complied with by a DP Officer

- (1) A DP Officer shall adhere to the principle of good business practice in the conduct of his company's affairs and shall transact business only on behalf of his employer.
- (2) A DP Officer shall be engaged full-time in the office of the member.
- (3) A member terminating the employment of a DP Officer shall give notice of the termination to the CSD within one (1) business day of termination.
- (4) A member is liable for all entries made in the CSD by its DP Officer and the liability shall continue until the notice of the termination of his employment has been received by the CSD.

36. Discipline of DPs Officers

- (1) The Board of the CSD or any Committee of it has power to enquire into the conduct of a DP Officer
- (2) Where a DP Officer is found by the CSD to have contravened any rule, regulation or requirement of the CSD or to be guilty of any improper conduct or method of business, the CSD may impose one or more of the following sanctions:
 - (a) A reprimand;
 - (b) A fine on the DP Officer or on the member or on both;
 - (c) Suspension of the DP Officer from entering the CSD System for a specified ; and
 - (d) Expulsion of the DP Officer.
- (3) Where the CSD is satisfied that any DP Officer has acted fraudulently or dishonestly in any matter relating to a transaction on the CSD system, the Board may permanently barred the DP Officer from all activities of the CSD, whereupon on the DP shall discontinue the employment of the person as a DP Officer

37. Appointment of a manager

- (1) Where a DP is suspended or prohibited pursuant to Rule 13, the CSD may appoint a manager who shall be authorized to clear, settle or fulfil all outstanding or pending contracts, transactions, transfers or other approved functions of such DP.
- (2) Where the suspended DP is a member of the Ghana Stock Exchange or a Primary Dealer, the appointment of a manager shall be done in consultation with the SEC and upon notification to the Ghana Stock Exchange or the Bank of Ghana.
- (3) A manager appointed under these rules shall be empowered to:
 - (a) inspect, examine and operate the whole or any part of the computer system situated at the premises of the DP;
 - (b) give any direction to the DP, its servants or agents to require the production of any record or account required to be kept by such DP;
 - (c) take over the control and management of the securities accounts of the depositors (other than pledged securities accounts) who have maintained their accounts with such DP;
 - (d) recommend as appropriate to the CSD the suspension of a securities account, a particular security therein or a particular issue of securities thereof; and
 - (e) recommend to the CSD the transfer of any

securities account together with all securities registered therein from such participant under suspension to another DP, subject to the depositor's approval where the Depositor is available and gives appropriate instructions. Where a depositor is not available or is unable to give such instructions, the CSD shall facilitate the transfer of such securities accounts to be held directly through the CSD or its nominee company awaiting instructions from such depositors. No transactions may take place in securities held in such accounts until the depositors give instructions to transfer them to a DP.

- (4) Any manager appointed under this rule shall report to and be accountable or answerable for his actions to the CSD and shall be restricted to the role of the DP.
- (5) The appointment of the Manager may be revoked by the CSD with prior consultation with the SEC and upon notification to the Ghana Stock Exchange or the Bank of Ghana.

(C) NATURE OF INTEREST IN CENTRAL SECURITIES DEPOSITORY ACCOUNTS

38. Bare Trustee

- (1) Securities deposited into the CSD system shall be registered in the name of the CSD in the records of the Issuer's Registrar. Security accounts shall be maintained by the CSD/DPs in the names of the depositors so as to reflect the title of the depositors to the deposited securities. Transfers of securities shall be effected by the CSD making an appropriate entry in the CSD register of the deposited securities that have been transferred.
- (2) A transfer of securities into the CSD system by a depositor shall not convey any transferor's beneficial interests over the securities deposited.
- (4) The beneficial owner shall be entitled to all rights and benefits and be subjected to all liabilities in respect of his/her securities held in the CSD system.
- (4) Nominee names shall be allowed in the records of the CSD.

39. Deposit Record

A DP shall receive certificates and completed deposit forms from depositors, verify the information provided by the depositor on the deposit form and ensure that the necessary documents relating to such deposits corresponds with

- (i) the record on the account opened; and
- (ii) the deposit form before the submission of the underlying records and certificates to the Registrar of the Issuer for verification.

40. Misplaced/Stolen Certificate

- (1) For any certificates or instruments of transfer which are misplaced, lost, destroyed or stolen once delivered to a DP, in the event of any claims whatsoever brought against the CSD by the depositor or any other party by reason of the loss, misplacement, theft or destruction, the DP hereby agrees to indemnify and to hold indemnified the CSD.
- (2) Every DP shall follow the directives of CSD in relation to the acceptance or rejection of eligible securities.
- (3) Where these certificates or instruments of transfer are lost, destroyed or stolen while in the custody of a Registrar, the Registrar shall indemnify and hold the CSD indemnified.

(D) STRUCTURE OF CSD ACCOUNTS

41. Securities accounts

Every DP shall open and maintain with the CSD one or more securities accounts for the recording of the deposit or withdrawal of securities and for dealing in such securities. These accounts shall comprise a DP's securities account and client securities account.

42. Disclosure

A DP, when opening a Clients Securities Account, shall ensure that it has the full particulars of the depositor's identity. The CSD shall do the same in respect of DP Securities Accounts and Investor Services Accounts.

43. Kind of accounts

A client securities account and a DP securities account may, in accordance with the operational procedures, record eligible securities in:

- a) a Collateral Account, for eligible securities pledged to the DP and held by the CSD subject to the DP's instructions only; or
- b) a Pledge Account, for eligible securities pledged by one account holder to another account holder or other pledgee whatsoever and held by the CSD for and subject only to the instructions of that pledgee; or
- c) a Balance Free Account /General Account, for eligible securities available and unencumbered held by the DP or by the holder of a securities account.
- d) DP Securities Accounts which is also referred to as Proprietary Accounts and

which shall be opened by the CSD at the time of admitting a DP in the CSD system.

- e) Client securities accounts which shall be opened by the DPs but can only be closed by the CSD.
- f) Investor Service Accounts which shall be limited to clients who hold 5% in any of the listed securities as prescribed by the CSD. The Investor Service Account shall be opened by the CSD for such a client at the office of the CSD and shall be for the entire holdings of the investor in all securities.

44. Operations

- (1) The depository service and its facilities shall be extended by the CSD and made available to DP's in accordance with the Participation Agreement. Depositors shall maintain securities accounts only through the DPs.
- (2) Any instruction to change, update or make a correction to a securities account of a client shall be given to CSD by a DP in accordance with the operational procedures.

45. Restrictions for DPs

DPs shall, where they are permitted to hold beneficial ownership in securities, be required to segregate their client accounts from the accounts in which they hold beneficial ownership of securities.

(E) ESTABLISHMENT OF CLIENTS SECURITIES ACCOUNTS

46. Establishment of Clients Securities Accounts

- (1) A DP may from time to time transmit to the CSD within the Designated Time, valid client securities account opening requests to establish such accounts for its clients.
- (2) Each Client Securities Account established by a DP pursuant to Part D shall bear such registration details as are specified by the DP.
- (3) Every DP shall ensure that the registration details of each Client Securities Account specified by the DP in the opening transaction by it are correct and complete in every respect, and shall be responsible for any and all inaccuracies and inadequacies in the registration details specified.
- (4) In case the registration details obtained by a DP as above stated are prima facie inaccurate or are otherwise incomplete, the DP shall not transmit the Client Securities Account opening transaction on the basis of such registration details.

- (5) If at any time a DP is notified by any of its Client Securities Accounts holders of a change in the registration details of that Client, the DP shall ensure, in accordance with the Procedures, that the Client Account details are amended accordingly.

(F) OPENING AND MAINTENANCE OF SECURITIES ACCOUNTS

47. Opening and Maintenance of Securities Accounts

- (1) Subject to rule 18, the CSD accounts shall consist of accounts held by all the depositors which include:
 - a) DPs who are Licensed Dealing Members of the Ghana Stock Exchange;
 - b) DPs who are not Licensed Dealing members but members of the Ghana Stock Exchange;
 - c) DPs who are not members of the Ghana Stock Exchange
 - d) Other Depositors.
- (2) All CSD accounts except Investor Service Accounts and DPs accounts shall be opened through DPs and approved by the CSD.
- (3) Investor Service Accounts may be opened directly with the CSD upon payment of an administrative fee.
- (4) Accounts held by DPs and all depositors shall contain the vital know your client (KYC) information as prescribed by the CSD from time to time in the Operational Procedure of the CSD.

48. Processing Period

An application to open a CSD account shall be processed by the DP into the CSD system not later than two (2) business days after the application date and shall be approved by the CSD within thirty (30) minutes failing which an investor may make a complaint.

(G) DEPOSIT OF CERTIFICATES BY CSD PARTICIPANTS

49. Processing of Deposits

- (1) No DP shall accept securities other than eligible securities to be deposited with the CSD.
- (2) Eligible securities may be deposited with a DP after the notification Date set by the Issuer in consultation with SEC and GSE.
- (3) Upon receipt of the deposit form and the securities certificates from the DP, the DP shall within two (2) working days of the date of lodgment forward the certificate to the Issuer/Registrar for verification and confirmation.

- (4) The Issuer/Registrar shall confirm the authenticity of the certificates and verify the depositor's signature within five (5) working days of receipt in accordance with the operational procedures.
- (5) Upon verification and confirmation, the Issuer/Registrar shall credit the account of the depositor with the securities.
- (6) In case the Registrar does not approve any or all security certificate(s), it will communicate to the DP the reason for rejecting the certificate(s).
- (7) where the registrar rejects by not confirming the certificates, it shall promptly provide reasons to the DP of the depositor.
- (8) the CSD shall charge a fee prescribed for any eligible security deposited by the Issuer from such date as may be prescribed by the CSD, provided that such date is after the date of admission in the CSD.
- (9) Any information relating to a deposit shall be delivered to the CSD not later than 2.00pm for recording on the same day.

(H) DEPOSIT OF SECURITIES INTO THE CENTRAL SECURITIES DEPOSITORY DURING INITIAL PUBLIC OFFERS/PRIMARY ISSUES FOR DEBT SECURITIES

50. Deposit of securities during Initial Public Offers/Primary Issues

- (1) The CSD in consultation with SEC and GSE may prescribe for complete dematerialization of a security proposed to be listed on the official list pursuant to section 22 of the CSD Act, 2007 (Act 733)
- (2) The CSD shall keep records of book entry securities and perform functions providing for the deposit and transfer of securities deposited therein.
- (3) Investors wishing to subscribe for securities during Initial Public Offers or primary issue or other subsequent offers and who do not already hold a securities account shall first open a securities account through a DP. Provision will be made by the issuer to enable applicants who do not already hold accounts with the CSD or who wish to open accounts for the proposed issue to complete Account Opening Forms, in order to open such accounts together with the application for securities.
- (4) Investors who subscribe for securities during the Initial Public Offers or primary issues may opt for the securities allotted to them to be deposited in their securities accounts with the CSD.
- (5) Every Investor shall indicate his securities account number on the securities subscription form or fill out and submit the Account Opening Form referred

to in sub paragraph (3) and submit the same through a DP. Such new account shall be opened before the allocation of securities.

- (6) After securities allocation, the issuer shall notify each successful applicant that the number of securities allotted or allocated to him has been credited to his account with the CSD.

(7) Nothing herein provided shall be deemed to relieve the issuer of its duties and obligations in relation to processing of applications, allotment of securities and appointment of agents for any securities issued.

(I) DEPOSIT OF SECURITIES INTO THE CENTRAL SECURITIES DEPOSITORY DURING INITIAL PUBLIC OFFERS FOR EQUITIES

51. Deposit of Securities during Initial Public Offers

- (1) A person may opt to hold a certificated security or a security in a book entry form with the c.
- (2) CSD shall accept securities in completely dematerialized form into its system if:-
 - (a) the Issuer's Regulations permit it so to do; and the Issuer's Board of Directors passes a resolution to that effect, or
 - (b) the dematerialization is pursuant to section 22 of the Central Securities Depository Act, 2007 (Act 733).
- (3) Where persons opt to hold securities with the CSD, the Issuer/Registrar shall upload details of successful allottees of those securities in the CSD system, through a text file in a format provided by CSD. The issuer shall inform the CSD in writing of the apply date on which such securities are to be credited to the successful allottees in the CSD system. The CSD shall enter such date in the CSD system.
- (4) The CSD shall keep records of book entry securities and perform functions providing for the deposit and transfer of securities deposited therein.
- (5) Investors wishing to subscribe for securities during Initial Public Offers or Primary Issues or other subsequent offers and who do not already have a securities account shall first open one through a DP. Other investors which satisfy the criterion for opening an investor services account shall open account directly with the CSD.
- (6) Investors who opt for securities to be directly credited in their CSD account shall state their securities account number on the securities subscription or application form in the prospectus.

- (7) After securities allocation, the issuer shall notify successful applicants that the number of securities allotted or allocated have been credited to their securities accounts.
- (8) Nothing herein provided shall be deemed to relieve the issuer of its duties and obligations in relation to processing of applications, allotment of securities and appointment of agents for any securities issued.

(J) PRIVATE TRANSACTIONS

52. Private Transactions

No entries relating to private transactions shall be entered in the securities account without the prior approval of the CSD.

53. Settlement of Private Transactions

Transfers of eligible securities between custodians and their clients where there is no change in beneficial ownership, donations, hereditary transfers (subject to relevant approval where applicable), sales on attachment, foreclosures on execution, pledges, free deliveries, loans and other dispositions of eligible securities shall be effected within the CSD through DPs.

(K) CSD PARTICIPANT'S REFUSAL TO ACT

54. Duty to notify

Where a DP who is a member of the Ghana Stock Exchange, or any recognisable trading platform or a Dealer /Bank refuses to act on the instructions of any of its depositors in carrying out any of its functions related to depositor's transactions specified under rule 30 relating to any book-entry security by reason that the depositor has defaulted (or is about to default) in his obligations relating to any trade order or otherwise, it shall be the duty of the DP to notify the CSD, and where reasonably possible the depositor, immediately stating the reason for such refusal. Nothing in this rule shall be construed so as to authorise any member of the securities exchange or a Primary Dealer to be in breach of any rule relating to such members' lien on securities.

55. CSD may Instruct DP to act

Where the CSD, after investigating the matter, is not satisfied with the reason given by the DP for its refusal to act, the CSD may, in consultation with the SEC, Ghana Stock Exchange or the Bank of Ghana instruct such DP to carry out the depositor's instructions or direct the DP to act appropriately to resolve the matter.

56. Penalty

Failure on the part of the DP to inform the CSD under rule 54 or to comply with its instructions under rule 55 may result in the suspension of such DP as provided in these rules.

(L) DISPUTE RESOLUTION

57. Dispute Resolution

- (1) A DP who is adversely affected by a decision taken by the CSD under these Rules may file a complaint with the Business Conduct Committee. The complaint shall be filed to the Business Conduct Committee within 14 working days
 - (2) Within fourteen working days from the date Business Conduct Committee is notified, the Business Conduct Committee shall give the Participant opportunity to appear before it and to be heard by the Committee
 - (3) A DP adversely affected by a decision of the Business Conduct Committee may appeal against that decision to the Board. The Participant shall notify the Business Conduct Committee and CSD, within ten working days from date the decision is made known to Participant by the Business Conduct Committee, of the decision and the grounds for the appeal. Within ten working days of the receipt of the notification, the Board of Directors of the CSD shall consider the appeal in light of representations made by Participant and the recommendations of the Business Conduct Committee. The Board shall notify its decision to Participant within ten (10) business days after its hearing from the affected DP. No final decision shall become executory until such notification is made.
 - (4) This appeal procedure shall not prejudice the right of a Participant who is adversely affected by a decision of the Board to appeal that decision to the SEC. The Participant shall copy the CSD of any such appeal to SEC on the same day the appeal was sent to SEC.
- (5) If the CSD itself cannot resolve a matter, it should be referred to Securities and Exchange Commission.

(M) THE BUSINESS CONDUCT COMMITTEE & ITS COMPOSITION

58. The committee and its composition

- (1) There shall be constituted a Business Conduct Committee which shall be a Committee of the Board whose object shall be:
 - a) to monitor the operations relating to risk management issues and the Settlement Guarantee Fund;
 - b) to hear complaints from aggrieved persons who claim to be adversely affected by any decision of the CSD with respect to the operations of the CSD;
 - c) to make recommendations to the Board of the CSD with respect to applications for appointment as a DP in accordance with rules 19 and 20 and to suspension or revocation of appointment in accordance with rules 13 and 37.
 - d) to deal with and advise the Board on such other matters of a financial and business nature as the Board may determine.
- (2) The Committee shall comprise five members appointed by the Board, three of whom (including the Chairman of the Committee) shall not be DP's or be director or shareholder of a DP or related to a DP, or be employed by a DP. Of the other two, one shall be a DP nominated by the Ghana Stock Exchange.
- (3) No member of the Business Conduct Committee shall participate in the hearing of a dispute in which he has a conflict of interest. Accordingly if the DP's representatives have such a conflict in any hearing, the Board (or, in the case of the DP, the Ghana Stock Exchange) shall appoint a replacement who is also a DP on an ad hoc basis for the purpose of such dispute.

(N) ADDITIONAL ISSUES

59. Notice

Every Issuer/Registrar shall, immediately upon making an announcement in accordance with the listing requirements of the Stock Exchange, inform the CSD. The CSD on receiving such announcement will enter the same in the CSD system.

60. Obligation of the Issuer

Every Issuer/Registrar shall, immediately upon making an announcement in accordance with the listing requirements of the relevant securities exchange inform the CSD. The CSD on receiving such announcement will enter the same in the CSD system.

61. Depositors Entitlement List

- (1) An Issuer/Registrar or Bank of Ghana may request the CSD for a list of depositors of such issuer's securities as on such date as may be specified in the request.
- (2) Pursuant to sub paragraph (1), a list of depositors containing the particulars of depositors shall be issued by the CSD to the issuer as at 4.00 p.m. on the date so specified upon payment of the applicable fee by the Issuer.
- (3) For the purposes of this rule, the record shall be accompanied by a report specifying particulars of any securities which are in or under suspense.

62. Provisional letters of Allotment of Equities

- (1) Where a security has been prescribed for admission, any provisional letter of allotment for corporate actions such as rights issue, bonus issue etc., submitted to the relevant stock exchange for approval shall contain a statement that-
 - a) the principal security underlying the corporate action has already been prescribed as an eligible security;
 - b) where such provisional letter of allotment has been issued to any depositor who is entitled to the corporate action the acceptance of the corporate action shall mean that the depositor consents to receiving such securities as a book-entry;
 - c) where such provisional letter of allotment has been issued to any depositor who is entitled to the corporate action by virtue of the relevant book-entry security which is standing to the credit of his securities account, any person who intends to purchase such corporate action as are renounced

shall have to state his securities account number whereupon such corporate action shall be credited directly in his securities account in book-entry form.

- (2) An Issuer/Registrar shall, upon issuing any securities pursuant to additional issues determine the computation of entitlement based upon the appropriate allocation in proportion to the amount of book- entry securities held by the CSD and deliver to the CSD a list of the allottees, and the quantity of securities allotted to them. Unless otherwise instructed directly by a depositor to the contrary, the Issuer /Registrar shall, where the depositor has more than one securities account for the particular security, allocate such securities into the depositor's securities accounts in such proportion as the security is distributed in the existing account.
- (3) The Issuer will give a written notice to CSD regarding corporate actions. CSD will enter the announcement details in the System as per the information given by the Issuer/Registrar.
- (4) On the book closure start date, the System will take a complete picture of the holdings of clients in the security, known as the Entitlement List. The Entitlement List will provide the details to the Issuer/Registrar of the number of corporate action letters on the basis of holdings. The Entitlement list shall give details of fractions of rights if any, which will be dealt with according to the regulations of the Commission as fractions are not handled in the System.
- (5) On the basis of information provided by the System, the Registrars will issue corporate action letters such as Rights Allotment Letters (RAL).
- (6) After the due date for payment for the corporate action, the Registrars will prepare and upload a list of successful allottees as done in the case of New Issues. The corporate action shares will be credited through the same process as adopted for New Issues.
- (7) An applicant for excess securities arising from an additional issue of securities shall open a securities account, if he does not already hold one.
- (8) To facilitate delivery and settlement of such corporate actions the CSD shall make provision in its systems for immobilisation, recording and settlement of such rights.

63. Entries

The CSD shall, upon receipt of the list of allottees credit the respective securities accounts with the allotted securities as specified therein after the listing of such securities.

64. Indemnity

Every Issuer/Registrar shall fully indemnify and hold indemnified the CSD from all demands, actions and proceedings made by any depositor for any loss suffered by such depositor in respect of or arising from any error in the list of allottees provided that such error did not arise as a result of negligence on the part of the CSD.

(O) WITHDRAWAL OF SECURITIES

65. General

- (1) Before complete dematerialization, depositors may withdraw all or part of the securities held in their accounts. Withdrawal shall not apply to securities issued by Government of Ghana or Bank of Ghana.
- (2) The CSD shall prescribe fees for withdrawals.
- (3) A request for withdrawal shall be made through a DP in the prescribed form in accordance with the operational procedures.
- (4) Once a request for withdrawal of securities has been made, no dealings in those securities may take place unless the application for withdrawal is first repudiated or the securities withdrawn have been re-deposited by the depositor with the CSD through a DP.

66. Exceptions

Before complete dematerialization, no book-entry securities may be withdrawn from the CSD in any of the following circumstances:

- a) Where the securities are the subject of a transaction which has not been settled;
- b) where a prohibition for withdrawal of such securities is notified by the Ghana Stock Exchange under the Act: and
- c) where such securities are for the time being designated as securities in or under suspense except for purposes of withdrawal pursuant to the Act;
- d) any other circumstances as may be prescribed by the CSD from time to time.

67. Rejected

- (1) Any withdrawal rejected together with the reason for the Withdrawals rejection, shall be notified to the respective DP within five (5) market days of the time the request is received by the CSD from the DP.
- (2) Except for any circumstances where the documents relating to any rejected withdrawal may be retained for and only during investigations, such documents shall be returned to the respective depositor.

68. Restriction

No applications for withdrawal of an eligible security shall be accepted during the period commencing seven (7) business days before and including the books closure date and no account shall be closed between the books closure date and the payment date in the event of rights or bonus issues.

(P) CONFIRMATION OF RECORDS

69. Issuance

- (1) When confirming the authenticity of certificates deposited with the CSD and that have been forwarded to the Issuer/Registrar in accordance with rule 50, the latter shall confirm in writing to the CSD the balance of securities registered in the name of the CSD. The Issuer/Registrar shall confirm in writing to the CSD the balance of securities registered in the name of the CSD when processing withdrawal requests as per rule 65 (1).
- (2) The CSD shall, on a daily basis, reconcile the balance of securities registered in its name that have been confirmed by the Issuer/Registrar with the balance recorded in the system of the CSD.

70. Record of Depositors

- (1) The CSD shall produce and maintain accurate records on all securities accounts.
- (2) The records shall be in the form of a statement, which shall contain the following information:
 - a) The name of the depositor or beneficial owner (where applicable);
 - b) The name and quantity of securities held;
 - c) The portion of the depositor's holdings that may have been pledged or assigned; and
 - d) The balance of securities available for transfer or settlement.

71. Client Securities Account Statements

Statement on securities account shall be issued and delivered as follows:-

- (1) DPs shall send quarterly statements to all active account holders and half yearly statements to dormant account holders. A dormant account for the purpose of statements is one which registered no activity in that reporting quarter.
- (2) DPs may send monthly statements to their most active or major clients;
- (3) Clients may, on payment of the relevant administrative fee to the CSD, request for statements of their holdings in the CSD at any time.
- (4) CSD shall provide quarterly statement to DPs and to clients under the Investors Services Account.

(Q) REGISTER OF SECURITIES HOLDERS

72. Register of Holders

- (1) The CSD shall maintain and continuously update a register of existing depositors by security and the net balance of their holdings in the CSD system.
- (2) the CSD shall send updated records of depositors to the issuers within one (1) working day from the date of a request by an issuer, provided that such request shall be made at a time so as not to include the book closure date at a prescribe fee from time to time.
- (2) Nothing in sub paragraphs (1) and (2) shall constitute the CSD as the registrar of an issuer.

73. Form of record of Depositors

- (1) The record of depositors shall be issued in hard copy and or in any other electronic form as may be agreed upon between the CSD and the issuer and shall include any information that may be required by the CSD to be included in the register of depositors.
- (2) Where discrepancies in data content occur between a hard copy and an electronic form delivered to the issuer, the data on the paper copy shall prevail.

(R) SUSPENSION OF SECURITIES

74. Securities in Suspense

The CSD shall specify that a book-entry security in a securities account is in suspense in any of the following circumstances:-

- (a) where an application for withdrawal of such security (with the exception of GOG/BoG securities) has been made by a depositor; or
- (b) in such other circumstances as may be prescribed by the CSD, the Ghana Stock Exchange, the Bank of Ghana or the SEC.

75. Securities under Suspense

The CSD may specify a book-entry security held in any particular securities as under suspense, whether on a temporary basis or otherwise, in any of the following circumstances: -

- (a) where the Ghana Stock Exchange or the Bank of Ghana has suspended trading of the entire issue in respect of such security,
- (b) in the case of an individual depositor, where it has been notified that the

depositor has died;

- (c) where a request for suspension of such security has been received from the depositor
- (d) where in compliance with the powers of the SEC to inspect, examine and operate the whole or any part of the computer system, the SEC has decided that it is necessary to place such security under suspense; or
- (e) where the CSD has been directed by the Minister of Finance and Economic Planning, through the SEC, to suspend such security in the interests of national security.
- (f) where the book-entry security is reasonably believed to have been entered illegally or wrongfully into the account or is a security in respect of which the underlying certificate has been reported lost or stolen;
- (g) where, pursuant to an objection made in accordance with these rules, the CSD in its absolute discretion is of the opinion that there is a need to place under suspense a security pending further investigations by the relevant authorities;
- (h) where, subject to an indemnity given by a DP, a request for suspension has been received from such DP;
- (i) where the CSD has been served with an order of a court of competent jurisdiction prohibiting any dealing in that book-entry security; or
- (j) where the security has been pledged as collateral.

76. Discretion

The CSD shall in its absolute discretion decide whether a book-entry security is to be placed under suspension under rule 75.

(S) PLEDGING OF SECURITIES

77. Mortgaging and Pledging

- (1) Securities deposited in the CSD system may be pledged as collateral.
- (2) All pledges of book entry securities shall be effected through entries in the CSD system. A depositor shall not be required to deliver the physical certificate to the lender as collateral.
- (3) Securities in the CSD system that have been pledged as collateral shall not be traded until the pledge is discharged and the security redeemed, except with the prior written consent of the pledgee.

- (4) All proceeds and entitlements of pledged securities belong to the pledgor, without prejudice to the right of the pledgor to pledge such proceeds and entitlements.
- (5) (a) Promptly upon the termination of the pledge for reasons of payment and performance of the principal obligation or other reason or consideration, the pledgee DP shall inform the CSD to release the securities from the pledgor's pledge account and record them in the pledgor's balance free securities account.

(b) Where a pledgor defaults in the performance of the principal obligation, the pledgee DP or pledgor's DP shall inform CSD to initiate the process for a foreclosure to release the securities from the pledge contract account and record them in the pledgee's balance free securities account.
- (6) All charge documents shall be in the format approved by the CSD from time to time.
- (7) To secure payments due or the performance of any obligation of the DP, the DP may pledge to the CSD, as collateral for its obligations under the Participation Agreement:
 - (a) all DP contributions made by DP to any guarantee fund established in accordance with the CSD Act 2007, (Act 733)
 - (b) all eligible securities of DP; and
 - (c) all eligible securities in the Securities Accounts under its management for which final and irrevocable payment has not been made by the DP
- (8) The rights of the CSD as pledgee over the assets pledged is subject to DP's use of any Service being suspended, terminated or withdrawn.
- (9) The CSD shall appropriately mark in the register securities which are the subject of any pledge.
 - a) All DPs are under a duty to inform their clients of the nature, implications and risks of the pledging of securities held in the CSD
 - b) The DP shall indemnify the CSD in the event that the confirmation made is false leading to a claim by the client.

(T) SETTLEMENT OF TRADES

78. Settlement of trade

- (1) The Bank of Ghana shall be the Settlement Bank through which settlement partners shall settle transactions on behalf of DPs which shall maintain accounts with them.
- (3) Every DP, which participates in settlement, shall enter into a settlement partner agreement with the Settlement Partner for the purpose of settling transactions executed at the Ghana Stock Exchange, Ghana Fixed Income Market (GFIM) or over the counter or at the Primary Auction conducted by the Bank of Ghana.
- (4) A DP may appoint a settlement partner acceptable to the CSD for settlement purposes. DPs who are banks may act as their own Settlement Partner.
- (4) The CSD shall enter into an agreement with Settlement Bank (BOG) for BOG to act on its instructions (or instructions of Settlement Partners) to transfer funds between the Accounts of Settlement Partners and to inform the CSD when the transfer is successful.

79. Mandatory Settlement

All trades in eligible securities shall be cleared and settled through the CSD.

80. Transaction Report

On every trading day in which one or more transactions are recorded in a DP's Account, the CSD shall combine the transactions and provide such DP as well as Settlement Partners and the Settlement Bank with reports at such time as are set forth in the operational procedures.

81. Settlement Cycle

- 1) Settlement for equity trades shall be made on T+3 in accordance with the Procedures for all trades except otherwise permitted.
- 2) Settlement for debt trades shall be made on T+2 in accordance with the procedures for all trades except otherwise permitted.
- 3) Transactions settling T+0 and T+1 shall be allowed.
- 4) Settlement for transactions at the primary auction shall be on T+1 cycle
- 5) Primary market settlement shall be T+1

82. Settlement Mode

Upon settlement of a transaction, the transferor's securities account is debited with the eligible securities being the object of the transactions and the DP's settlement account is credited with the corresponding payment therefor. Simultaneously, the transferee's securities account is credited with the securities being the object of the transactions and the DP's settlement account is debited with the corresponding payment therefor.

83. Net Settlement

All net funds payment obligations arising on settlement date shall be effected and settled through the settlement bank by the Settlement Partners at the time prescribed in the operational procedures on settlement date through the crediting and debiting by the settlement bank of the respective settlement account of the Settlement Partner that holds the accounts of the DP based on the net position of each DP as a result of settlement.

84. Effect of Settlement

Upon completion and settlement of the eligible securities and payment therefore title to the securities shall transfer on settlement date and the transaction shall be final and irrevocable.

85. No Restrictions

No DP is permitted to attach any condition or restriction on the settlement of transactions and such conditions and restrictions that are imposed contrary to the SEC rules, these rules and operational procedures are void and ineffective.

86. Good Title

A transferee DP or holder of an account under its management acquires good title to eligible securities obtained by means of a transaction settled through the CSD.

87. Failed Delivery

- (1) In the instances where a delivery failure occurs, a buy-in procedure under the trading rules of the GSE or GFIM shall be invoked.
- (2) Delivery and settlement failure shall be subject to such fines and penalties as may be prescribed from time to time by the CSD with the approval of the SEC.

88. Failed Settlement

In the instances where a settlement failure occurs, the settlement guarantee fund guidelines shall be instituted as set out in the operational procedures.

89. Computer Failure

Notwithstanding anything under this Part, in the circumstances where a terminal at a DP premises is "down" or disconnected or where any part of the computer system has failed for any reason, it shall be the responsibility of the DP to notify the CSD immediately by telephone and in writing or by other means to convey the relevant information required. Similarly the CSD shall immediately notify any DP, which may be affected by a failure of which the CSD is aware. The CSD shall at all times ensure there is adequate back up facilities to ensure that depositors data is not lost and that its operations can resume without unreasonable delay in the event of a computer failure or other disruption of any kind.

(U) RULES RELATING TO ISSUERS

90. Compliance

Every Issuer/Registrar of eligible securities shall comply with these rules, the SEC rules and the provisions of the CSD Act. For the purposes of this rule, an issuer/registrar shall include, if applicable, its company registrar, or its issuing house, its servants or agents.

91. Identity Code

The CSD shall allocate to every issuer/registrar of eligible securities an identity code.

(V) DE-LISTING OF SECURITIES ADMITTED IN THE CSD

92. De-listing

- (1) If securities which are admitted with the CSD cease to be listed at the Ghana Stock Exchange, the CSD shall within 30 days of such cessation forward an up-to-date record of depositors to the issuer of such security for certification and shall debit the securities account of such depositors unless in the meantime the issuer engages the CSD to continue holding such securities in immobilized/dematerialized form.
- (2) All liabilities of the CSD and of DP's towards such depositors shall cease forthwith upon de listing, save for any accrued liabilities.

(W) AMALGAMATION OF COMPANIES /MERGERS/TAKEOVERS

- (1) Amalgamations of Companies (Mergers/Takeovers) are to be done in the manner laid down in the procedures for a new issue. The securities being taken over, merged or amalgamated will be de-activated from the System and the holding in the other security will be added in the ratio defined, as a further issue through the new issue process.
- (2) In case of a merger of two securities to a new security, a similar process shall be followed, where the merged companies will be de-activated in the system, the new security created and the holdings of investors uploaded in the system through the new issue process.

(X) MISCELLANEOUS

93. Exclusion

When acting in good faith and without negligence, the CSD shall not be liable to any DP or holders of securities accounts under its management for:

- a) any loss of opportunity, profit, market, goodwill, interest or use of money or securities;
- b) any other special, indirect or consequential loss, damage, expense, liability or claim; which is suffered or incurred by any DP or holders of securities accounts under its management arising from or related to the services.

94. Force Majeure

The CSD and any person including a DP acting on its behalf shall not be held liable to indemnify any aggrieved party for any delay, loss, damage or failure of performance in the event of any act of God, act of public enemy, war, insurgency, riot, labour disputes or any other reason or cause whatsoever beyond its control.

95. Confidentiality

The CSD, DPs and their agents shall keep confidential all confidential information about the Central Securities Depository, DPs and depositors obtained by virtue of the operation of the CSD system, save such information as may already be in the public domain. The CSD shall provide any information requested by SEC or Bank of Ghana for the purpose of enabling or assisting the SEC or Bank of Ghana to exercise any function under any written law or rules.

96. Reprimand

Notwithstanding any other powers conferred on the CSD in the Act, these Rules or the SEC Rules, the CSD may reprimand or caution any DP, issuer or other Users for any breach of any of the provisions of these Rules.

(Y) DEFINITIONS

“**account**” means a securities account

“**account family**” means the group comprising:

- (a) the PDs Proprietary Accounts controlled by CSD;
- (b) the Client-Accounts controlled by DP
- (c) the Investor Service Account controlled by CSD

“**act**” means the CSD Act, 2007 (Act 733)

“**admission form**” means the relevant admission form, made available for the purpose by the CSD from time to time, for use by a person seeking to be admitted in the capacity of:

- (a) DP;
- (b) an Issuer; or
- (c) an Eligible Pledgee; as the case may be, in the CSD system;

“**admission requirements**” means all requirements mentioned in section 3

“**associate member**” means a person, company, corporation or other entity admitted as an associated member of the clearing house of the GSE;

“**authorized person**” means any person who has the actual authority of the DP to cause transactions to be transmitted by that DP and includes, in the case of a DP which is an Issuer of Eligible Securities, any Registrar appointed by the Issuer;

“**available balance**” means the total number of book-entry securities in an account that are not:

- (a) in a Pledged Position;
- (b) in a ‘Pending Transfer Out’ position; or
- (c) in ‘Blocked’ Status

"application date", in relation to any application under these Rules, means the date on which the application is lodged with the CSD or a DP;

"approved functions", in relation to any DP, means those functions which have been authorised or approved, from time to time, by the CSD under these Rules to be performed by that DP;

"blocked status" means with reference to any book-entry securities which are blocked in a Client Account for any of the following reasons;

- a) they are blocked as per the statutory or regulatory requirements by the CSD or directions of any Authority.
- b) Securities sold during the day by the client on the exchange.;

"Board" means the Board of Directors of the Central Securities Depository (GH) Ltd;

"book closure date" means a date announced by an Issuer as the date from which the Books Closure Period in relation to any registered-form securities of the Issuer will commence;

"book closure end date" means a date announced by an Issuer as the date on which the Books Closure Period in relation to any registered-form securities of the Issuer will terminate;

"book closure period" means the period announced by an Issuer as the period during which the register of transfers maintained by such Issuer in relation to any registered-form securities of the Issuer shall remain closed;

"business day" means any day on which the CSD is open for business;

"buying depositor" means a depositor who places an order to purchase a book-entry security;

"Central Securities Depository" means the Central Securities Depository (Gh) Ltd. (CSD), a limited liability

company, incorporated in Ghana and approved under the CSD Act;

“Commission” means the Securities & Exchange Commission (SEC) established under section 1 of the Securities Industry Law 1993 (PNDCL 333);

“computer system” means in relation to the CSD, means the computer system established by the CSD forming part of the CSD system which includes the hardware maintained by the CSD to operate the CSD Software;

"cum entitlement date" means the date fixed by an issuer as being the last date for entitlement to dividends, bonus issue, rights issue or other distributions to or rights of depositors in respect of securities issued by the issuer;

“custodian bank” A bank that keeps custody of stock certificates and other assets of a mutual fund, individual, or corporate client.

"date of admission", in relation to any eligible security, means the date specified in the notice given by the Ghana Stock Exchange and the Bank of Ghana herein as being the last day on which the eligible security may be traded on the Ghana Stock Exchange or over the counter unless such security has been deposited with the CSD;

“delivery” means a transfer of book-entry securities from one holding to another holdings either as a free delivery or made pursuant to CSD Rules and/or the procedures made there under;

“deposit transaction” means the processing of a deposit request of any eligible securities into the SDS;

“deposit pending position” means the position in a holding in which any number of book-entry securities are entered as a consequence of the transmission of a Valid Deposit Request Transaction to the CSD;

“designated time” means the time on a business day, as specified in the Designated Time Schedule,

within or by which a requirement under these Rules must be complied with;

“designated time schedule” means the Designated Time Schedule made under Rule 10;

“DP” means financial institutions, corporations, and agencies which act as intermediaries between the CSD and the general investing public.

“depositor” in relation to any book entry securities, means a holder of a securities account

“DP” means Depository Participant and **“DPs”** means Depository Participants;

“End of day” means on any business day, 5p.m. or such other time as the CSD may from time to time determine;

“Eligible securities” means a security which has been prescribed by the Ghana Stock Exchange and the Bank of Ghana to be admitted with the CSD.

“fees and charges schedule” means such fees and charges made from time to time and detailed in a schedule

“free delivery” means an irrevocable delivery of book-entry securities either as an Intra Account Delivery or as an Inter Account Delivery;

“holding balance” means the total number of book-entry securities in a Holding but not including book-entry securities entered in a ‘Deposit Pending’ Position in the Holding;

“investor service accounts” is the service that allows investors to open securities accounts directly with the CSD subject to certain requirements.

“issuer agreement” means an agreement, in the form prescribed by the CSD from time to time, entered into with the CSD by an Issuer as a pre-condition to the entry of any Securities of that Issuer in the SDS in the form of Book-entry Securities;

"listed" means admitted to the official list of the Ghana Stock Exchange and listing shall be construed accordingly;

"trading day" means any day during which the Ghana Stock Exchange or Ghana Fixed Income Market is open for business or any day on which Government of Ghana securities or Bank of Ghana securities are traded;

"Manager" a manager is a person with an in-depth knowledge appointed by the CSD in consultation with the Securities and Exchange Commission to temporary take over the management of the suspended or prohibited Depository Participant's operations.

"member of the Ghana Stock Exchange" means a person licensed by the Securities & Exchange Commission and admitted as a Licensed Dealing Member to the Ghana Stock Exchange ;

"notice" means has the meaning given by Rule2(5);

"notification date", means the date on which the notice is given by the Ghana Stock Exchange;

"Participation Agreement" means the agreement between a DP (DP) and the CSD(CSD), by which the CSD appoints a DP;

"person" includes a bank, any body of persons, corporate or unincorporated;

"pledge" means the movement of book-entry securities to a Pledge Position in a Holding;

"pledge call" means the deduction of book-entry securities from a Pledge Position in a Holding and the addition of such book-entry Securities to the Available Balance of another Holding as specified in the Procedures from time to time;

"pledge call transaction" means the Pledge Call Transaction as specified in the Procedures from time to time; as a result of a default by the borrower (pledgor)

“**pledge contract**” means a contract established to hold book-entry securities in a Pledged Position in any Holding in favour of an Eligible Pledgee;

“**pledge release**” means the deduction of book-entry securities from a Pledge Position in a Holding and the addition of such book-entry securities to the Available Balance of the same Holding in accordance with Rule 81(5) as a result of the borrower having paid off the security, therefore his security is released having no charge;

“**pledge security transaction**” means the Pledge Security Transaction as specified in the Procedures from time to time;

“**pledge position**” means the position in a Holding to which any number of Book-entry Securities are moved as a consequence of any Pledge Security transaction transmitted to the CSD;

“**pre-commencement testing**” means testing, under the direction of the CSD, to establish whether a DP meets the Technical and Performance Requirements;

“**prescribed securities transaction**” means any of the Securities transaction which satisfy the requirements of the CSD Rules;

“**primary dealer**” means a licensed bank, discount house or a brokerage firm authorized by Bank of Ghana to participate in the wholesale auction for Government of Ghana or Bank of Ghana securities;

“**operational procedures**” means the procedures adopted by the CSD from time to time;

“**Operational Procedures**” includes any manual containing guidelines and operating procedures for Depository Participants, Issuers and Depositors, from time to time, issued by the CSD;

“**Securities in Suspense**” a security is in suspense when it is used for a transaction which is in an uncompleted state.

“**Securities under Suspense**” where a security has been

suspended by the CSD or any other authority.

“record” includes, in addition to a record in writing –

- (a) a passport size photograph;
- (b) any disc, tape, sound track or other device in which sounds or other data (not being visual images) are embodied so as to be capable (with or without the aid of some other instrument) of being reproduced therefrom; and
- (c) any film, tape or other device in which visual images are being embodied so as to be capable (with or without the aid of some other instrument) of being reproduced therefrom, and any reference to a copy of a record includes –
 - (i) in the case of a record falling within paragraph (b) but not paragraph (c) of this definition, a transcript of the sounds or other data embodied therein;
 - (ii) in the case of a record falling within paragraph (c) but not paragraph (b) of this definition, a still reproduction of the images embodied therein, whether enlarged or not; and
 - (iii) in the case of a record falling within both paragraph (b) and paragraph (c) of this definition the transcript of the sounds or other data embodied therein together with the still reproduction of the images embodied therein.

“redeemable securities” means

- a. fixed term debt instruments including (without limitation) debentures, term finance certificates, participation term certificates and Government Securities; and
- b. redeemable preference shares;

“redemption approval transaction” means the Redemption Approval Transaction as specified in the Procedures from time to time;

“**registered-form**” means in relation to securities, means securities the legal title to which is transferred upon the registration of the transfer of such securities by the Issuer of such Securities;

“**registered transfer documents**” means the documents evidencing title of any registered-form eligible securities accompanied by duly executed and stamped transfer deeds or other instruments of transfer on which the signature of the transferor is verified by the Issuer;

“**registered details**” means

(a) in respect of an individual:

- (i) the name;
- (ii) the address;
- (iii) the National Identity card number/Passport/Voter Registration ID/Drivers Licence/NHIS or any Identification number or, in case of a non-resident Ghanaian or foreigner, the passport details; and
- (iv) the occupation of the individual;

(b) in respect of accompany or other body corporate:

- (i) the name;
- (ii) the registered address;
- (iii) the residential status
and
- (iv) the shareholder category, of the company or other body corporate,

and includes such other Registration Details as may be prescribed by the CSD pursuant to Rule 41;

“**rules**” means the rules and any amendments thereto of the CSD and includes any appendices to the rules.

“**rules of the Ghana Stock Exchange**” shall have the same meaning as assigned to it under Securities Industry Law 1993 (PNDCL 333) from time to time;

“CSD system” means the CSD system established by the CSD;

“**CSD eligibility date**” in relation to any Securities, means the date on which such securities become CSD eligible;

“**CSD software**” means all systems and applications programmes relevant to the operation of the SDS including all of the computer software maintained and used by the CSD for the purposes of the CSD system (other than software used by a DPs to communicate with the CSD in relation to the SDS);

“**securities**” means

- ii. shares and debentures within the meaning of the Companies Code, 1963 (Act 179)
- iii. bonds or other loan instrument of the Government of Ghana or any other country;
- iv. bonds or other loan instruments of a corporation established under an enactment for the time being in force;
- v. rights and interests (whether described as units or otherwise) under any unit trust;
- vi. such other instruments as the Secretary may by notice in the Gazette prescribe.

“**securities deposit form**” means a Form as specified in the Procedures from time to time; used for the purpose of depositing securities into the CSD.

“**selling depositor**” means a depositor who places an order to sell a book-entry security.

“**settlement bank**” means the Central Bank .

“**settlement partner**” means a bank appointed by a DP with the approval of the CSD to undertake the settlement obligations of the DP.

“**services**” means any of the CSD clearing, settlement and registration services provided by the CSD.

“**securities exchange**” or “**stock exchange**” or “**stock market**” means the Ghana Stock Exchange or any other

securities exchange on which eligible securities may be listed;

“**start of day**” means on any business day, 9a.m. or such other time as the CSD may from time to time determine;

“**state of emergency**” means any:

- (a) fire, explosion, earthquake, lightning, floods, storm or cyclone failure or restriction, communication breakdown, accident, war, armed conflict, riot, insurrection, civil commotion, act of terrorism, strike, labour dispute or action, unavailability of data processing or any other computer system or facility, act of God or any other similar event; or
- (b) other event beyond the control of CSD which prevents or significantly hinders the operations of the SDS;

“**stockbroker**” means a licensed dealing member of the Stock Exchange;

“**T**” means the market day on which a security is purchased or sold by or on behalf of a depositor;

“**transaction**” means any activity specified in the Procedures for use in the CSD system;

“**registrar/register**” means a person engaged by an Issuer to render such services as may be required by an Issuer in connection with the registration of transfer of securities and the issue and offer of securities;

“**transfer approval transaction**” means the Transfer Approval Transaction as specified in the Procedures from time to time;

“**transfer form**” means an application form submitted under Rule 52 for the transfer of any securities from one Account to another Account;

“**transferee**” means the person in whose name any securities deposited in the SDS are withdrawn from the SDS;

"transitional period", in relation to any eligible securities means the period immediately following the notification date and ending on the date of admission in the CSD;

"terminal" means any computer terminal located at the premises of a user which forms part of the computer system;

"user" means a CSD Participant, an issuer/registrar, a securities exchange or such other person as may be prescribed by the Commission who may be given access to a computer system of the CSD;

"withdrawal approval transaction" means the Withdrawal Approval Transaction as specified in the procedures from time to time;

"withdrawal pending position" means the position in a holding in which any number of book-entry securities are entered as a consequence of a Transmission of a valid Withdrawal Request Transaction to the CSD;

"withdrawal account holder" means the Account Holder processing a withdrawal of any securities from the CSD.

In these rules, unless expressed to the contrary:

- a) a depositor of any book-entry security *in* or *under* suspense shall, be treated as a member (or debenture holder) but nonetheless such security is under suspense by virtue of the CSD Placing a computerised "freeze" or "hold", whether temporary or otherwise, on such security resulting in any of the following forms of suspension-
 - i. where "freeze" or "hold" has been placed upon any securities issued by an issuer such that no entries whatsoever may be made in respect of any such securities in all securities accounts held by the CSD or a particular DP;
 - ii. where a "freeze" or "hold" has been placed on a particular securities account such that no entries whatsoever may be made in respect of any book-entry securities whatsoever held in such account;

- iii. where a "freeze" or "hold" has been placed on any securities issued by an issuer and only in respect of a particular depositors account such that no entries may be made whatsoever in respect of any book-entry securities of that issuer held under such securities account; or
 - iv. where a "freeze" or "hold" has been placed on a particular quantum and type of security held under a particular securities account such that no entries may be made in respect to such quantum and type of security held under such account.
- b) Words in the singular include the plural, and words in the plural include the singular.
 - c) Words importing the masculine gender include feminine and neuter gender.
 - d) A reference to writing shall be deemed to include any mode of representing or reproducing letters, figures or marks in a visible form.
 - e) Terms used in these Rules and in the Act not specifically defined here shall unless a contrary intention appears, have the meaning respectively assigned to them under the Act.

