

1. INTRODUCTION

Your company is prospering. You want to expand your production facilities or build a new plant but you lack the necessary funds. One way of obtaining such funds is to go public and then get listed on the Ghana Stock Exchange.

Whether or not to go public is one of the most far reaching decisions that owners of private companies can make. Whilst there is a wide range of benefits that private companies and their shareholders can obtain from going public, there are also certain obligations, particularly with regard to disclosure of information. This brochure, one in a series published by the Ghana Stock Exchange (GSE), is designed to show you the benefits of your company going public and also how to get your company listed on the GSE.

Other brochures currently available from the Ghana Stock Exchange are:

Questions & Answers

Information Bulletin For Non-resident Ghanaians & Foreigners.

2. WHAT IS A PUBLIC COMPANY?

For a company to have its shares or stocks listed on the GSE, it must first be registered as a public limited liability company under the Companies Code, 1963 (Act 179) or a unit trust or mutual fund or other public corporate body recognized under any law of Ghana. Briefly, a public limited liability company may be defined as a company which:

- a. is registered with shares;
- b. has no restriction on the transferability of its shares;
- c. has no limitation on the number of shareholders and/or debenture holders;
- d. can make invitations to the public to acquire any of its shares or debentures; and
- e. can make invitations to the public to deposit either interest bearing or non-interest bearing money for fixed periods or payable at call.

3. WHAT ARE THE BENEFITS OF BEING A PUBLIC COMPANY?

There is a wide range of benefits that accrue to public companies. These include:

A. Easier Access to Long Term Capital

Going public enables the company to raise long-term capital by issuing securities to the public. Going public thus provides access to numerous individuals, who, aggregate, have a significant amount of funds to invest. This ability to raise funds from the investing public in the issue of securities is perhaps the most valuable of the benefits that accrue to public companies. The raising of such capital allows for future expansion and growth.

B. Improvement in the Financial Position of Company

An immediate benefit enjoyed by a newly-registered public company is the considerable improvement in overall financial position. The injection of substantial equity funds, for example, greatly improves the company's balance sheet. With such capital reinforcement and good management, higher earnings and dividends are almost certain to follow.

C. Enhanced Status in the Community

Going public will raise the level of the investment community's awareness of the company and its products. This can result, for example, in a greater ability to attract high calibre employees and increased business opportunities. Public companies also benefit from access to the useful information brought to them by their advisers, financial analysts, stockbrokers and shareholders.

D. Provision of Incentives for Employees

Both for existing employees and those to be recruited, the ability of companies to offer share options and employee share ownership schemes is a key advantage of public companies. The investing public and the existing shareholders also derive some benefits when private companies go public. These include:

A. Provision of Avenues for Investment

Public companies offer the investing public, including institutional investors and Pension funds, an attractive avenue for investment by virtue of the liquidity of the issued securities.

B. Freedom to Diversify Investment

By going public, existing shareholders are placed in a position to diversify their interest and invest in other assets elsewhere.

C. Transferability of Shares

A private company restricts the right to transfer its shares. Shares in a private company can generally only be sold to other existing shareholders. Shares in public companies are, on the other hand, freely transferable.

D. Realization of Investment.

A key benefit that shareholders in private companies derive from going public is the ability to establish a market value of the shares, thereby enhancing tradability.

4. HOW DOES MY COMPANY GO PUBLIC?

Your company can go public (or make a public offering of securities) under the provisions of the Companies Code, 1963.

In order to convert your private company into a public company, the regulations of the company will have to be altered in such a manner as to conform to the requirements of a public company as outlined in Section 2 above.

Within twenty-eight days after the date of the special resolution altering the Regulations to become a public company, the company shall deliver to the Registrar for registration:

.a copy of the said resolution and

.a prospectus complying with the provisions of the Companies Code, 1963.

To make a public offering, your company may need the service of a stockbroking firm and other professionals to assist with the preparation and processing of a prospectus and other details (the flotation.

5. TRADING ON THE OVER-THE-COUNTER (OTC) MARKET

After the public offering, the securities can trade on the "over the-counter' (OTC) market (i.e. trading outside the floor of Stock Exchange) through Stockbrokers. Going public an trading on the OTC market is normally seen as a stepping stone to seeking a stock exchange listing. What it accomplishes is the raising of equity or debt capital, but normally not

in large amounts. It enables the shares to trade and to establish market value, but usually on the basis of narrow trading. after the OTC market is not as large or as disciplined as the Stock Exchange.

6. LISTING ON THE GHANA STOCK EXCHANGE

A company is said to be listed when its securities are approved to be bought and sold on the Stock Exchange. Newly issued shares need not trade in the OTC Market before getting listed on the GSE. In order to get your newly issued shares listed on the GSE, you need to communicate this intention early to the GSE and work with the Exchange so that your prospectus will satisfy the Exchange's listing requirements before the public flotation.

7. WHY MUST MY COMPANY BE LISTED ON THE EXCHANGE?

Any company which wants its securities to be traded on the floor of the GSE must be listed on the Exchange. Being listed benefits both the company and the investor. Being listed on the Exchange provides your company with the following benefits:

- * Additional financing is easier to raise through subsequent issuing of securities.
- * There is improved credibility with both investor and potential creditors because of the high standard that must be met and maintained by listed companies.
- * There is increased visibility of the company through the comprehensive disclosure of information to the public and publishing of trading statistics by the GSE.
- * The Exchange also creates a market place where the securities of all listed companies can be bought and sold. This in turn, increases the demand for securities and adds to the value and acceptance of the securities because the purchaser knows that there is a ready market for the shares.

For the investor, it provides the following benefits:

- * an opportunity to invest in a company and participate in its prosperity, even though the investor may only have limited funds available;
- * a reasonable level of assurance of responsible management because of the high standards that must be met and maintained by listed companies; and

* a better trading liquidity due to a larger market base.

8. CAN MY COMPANY QUALIFY FOR LISTING?

There are certain requirements that a company must meet in order to qualify for listing on the Exchange. These requirements are stipulated in GSE listing Regulations, 1990 (I.I. 1509). Not all companies will meet these qualifications.

To make it possible for many companies to list on the Exchange, there are three lists with different requirements:

- a. the first official list (FOL)
- b. the second official list (SOL) and c. the third official list (TOL)

The requirements are specified below but are only standards for the guidance of potential listing applicants. The approval of an application for the listing of securities on the Exchange is a matter solely within the discretion of the Council.

9. LISTING REQUIREMENT OF EQUITIES

A company applying for listing of any class of its shares is, as a general rule, expected to meet the following requirements:

Minimum Stated Capital

- .It must have a stated capital of at least ₵100 million the case of an application relating to the First Official list, ₵50 million for the Second Official and ₵20 million for the Third Official List.

Minimum Public Float

- .It must issue or offer for sale to the public, shares whose market value (as determined by the company's auditors at the time of the application) is not less than ₵30 million in the case of an application relating to the FOL ₵15 million for the SOL and ₵5 million for the TOL.
- .Shares issued to the public must not be less than 25 per cent of the number of shares issued by the company.

Payment of Shares

- .Shares must be fully paid for. Except in very exceptional circumstances, the Exchange will refuse listing in respect of partly paid shares.

Spread of Shares

- .The spread of shareholders existing at the close of an offer should be in the GSE's opinion adequate.

10. LISTING REQUIREMENTS OF DEBT SECURITIES

- .A company seeking the admission of debt securities to the FOL or the SOL may be considered for such admission if the security concerned has a total issue amount of not less than ₵200m face value and there are at least 100 holders of such securities. In the case of the TOL, the total issue amount must not be less than ₵20m face value and there must be at least 5 holders.

In the case of Government securities, there is no prescribed minimum in respect of either amount of issue or number of holders to permit admission to the GSE's list.

- .Debt securities (other than Government securities) for which listing is sought shall be created and issued pursuant to a Trust Deed duly approved by and registered with the GSE.

11. ADDITIONAL REQUIREMENTS FOR LISTING

The following additional requirements apply to both applications for listing of equities and debt securities:

Period of Existence

- .For a company's securities (whether equity or debt) to be eligible for admission to the FOL, the company must have published or filed audited accounts in accordance with the Companies Code, 1963, (Act 179), for at least the five years immediately preceding the date of its application for listing. For the SOL, the period is three years. For TOL the period is one year but it can be waived.

Profitability

- .Profitability must have been reasonable through the periods stated above or the company must have strong potential to be profitable.

Conditions relating to Directors and Managing of Applicant.

- .There must have been continuity in the management of a company seeking admission to the FOL, SOL or TOL.
- .The character and integrity of the directors and management of the company will be among the criteria taken into account by the Council of the Exchange.

12. WHAT ARE THE BASIC STEPS TO LISTING ON THE GSE?

Steps required in all original listing applications are as follows: (These requirements are for companies which intend to issue new shares or a class of shares to the public for the first time).

- a. the company applies for listing and appoints a Licensed Dealing Member of the Exchange to sponsor its application;
- b. the company submits its Regulations to the Council for approval;
- c. the company files an original listing application;
- d. the Council approves the listing application;
- e. the company files the final copy of prospectus (vetted by the Exchange) with the registrar of companies and the Exchange;
- f. the company issues prospectus to the public and offer period begins;
- g. the company announces basis for allotment of shares;
- h. the company issues shares pursuant to the allotment;
- i. the shares are admitted to the FOL, SOL, or TOL as the case may be; and
- j. shares are traded on the Exchange seven days after certificates have been dispatched.

For companies whose shares are already in public hands and trading in the over-the-counter market, the listing process is similar to that of an original listing application except that some of the steps involved will not apply to such companies.

13. WHAT INFORMATION MUST MY COMPANY PROVIDE TO THE EXCHANGE WITH MY ORIGINAL LISTING APPLICATION?

The listing Regulations specify the information that is to be provided with an original listing application.

The application requires information in the following areas:

- .background of the Company - (history, type of business etc.)
- .capitalization and share distribution- (authorized and issued capital, distribution of share holding etc.)
- .long-term and funded debt- (financing arrangement, interest rates, maturity dates, etc.);
- .investments and properties;
- Competition;
- .profit and loss record for five years, three years or one year as the case may be;
- .dividend records and
- .other information -(fiscal year end, date of annual meeting, pending legal actions, etc.).

The objective of all the information requirements is to provide sufficient information to investors on a consistent basis so that they can make an informed investment decision. It is the responsibility of the sponsoring Licensed Dealing Member to verify all the information provided by the company and then file with the Exchange all the necessary documentation to support the application.

14. WHAT ARE THE STEPS REQUIRED IN THE ADDITIONAL LISTING PROCESS?

Listed companies can issue new stocks and shares and seek additional listing on the Exchange.

A listed company is, however, not permitted to issue or to authorize its Registrars to issue or register additional securities of the class listed until after it has filed with the Exchange an application for listing of the additional shares and has been notified by the Exchange that they have been authorized for listing.

The following steps are to be taken by a company seeking additional listing.

- a. the company decides to issue additional securities and makes the appropriate announcement to the Exchange;

- b. the company submits listing application to the Exchange together with supporting papers;
- c. the Exchange approves in principle an additional listing application; and
- d. the company fixes relevant books closing dates and makes public announcements to the Exchange with respect to such dates.

15. WHAT INFORMATION MUST MY COMPANY CONTINUE TO REPORT TO THE EXCHANGE?

Information required on an on-going basis for compliance purposes is your annual audited financial statements and the timely disclosure of any information material to an investor in deciding whether or not to invest in your company's shares or stocks.

16. WHAT IF I FAIL TO PROVIDE THE REQUIRED INFORMATION?

Your company's continued listing with the Exchange is subject to on-going compliance with the listing regulations. Non-compliance can lead to your company's securities being suspended from listing or being delisted. This action would be in addition to any fines imposed by the Exchange.

17. WHAT IS IT GOING TO COST ME TO LIST ON THE EXCHANGE?

The Listing Regulations make provisions for various fees. Most fees are based on the amount of market capitalization. The fees payable also depend on whether the applicant company is a member or not and what its membership status is. The rates are specified in the Stock Exchange Listing Regulations. These fees include application fees, listing fees, annual fees, and are provided on the next page.



**GHANA STOCK EXCHANGE
LISTING FEES**

A. EQUITIES

	<i>Market</i>	<i>Founder</i>	<i>Other</i>	<i>Non</i>	
	<i>Capitalization</i>	<i>Members</i>	<i>Members</i>	<i>Members</i>	
	<i>Cedis</i>	<i>¢m</i>	<i>¢m</i>	<i>¢m</i>	
Application					
Fees	Below	0.5b	1.3	1.9	3.8
.	0.6 -	1.0b	2.5	3.8	7.5
.	1.1 -	20b	6.3	11.3	16.3
.	20.1 -	50b	18.0	25.6	33.8
.	50.1 -	100b	26.0	45.6	55.8
.	100.1 -	200b	37.2	65.6	99.8
.	200.1 -	500b	57.2	93.6	143.6
.	500.1 -	1,000b	75.2	109.6	182.0
.	001.1 -	1,500b	91.2	131.6	216.0
.	1,500.1 -	2,000b	105.2	151.6	244.0
.	Over	2,000b	117.6	169.8	266.0
Original & Additional Listing Fees					
	Below	0.5b	1.3	1.9	3.8
	0.6 -	1.0b	2.5	3.8	7.5
	1.1 -	2.0b	3.8	7.5	11.3
.	2.1 -	2.5b	6.3	10.0	13.8
	2.6 -	5.0b	8.8	12.5	16.3
.	5.1 -	10.0b	11.3	15.0	18.3
.	10.1 -	20b	13.8	17.5	21.3
.	20.1 -	50b	26.0	32.0	38.0
.	50.1 -	100b	30.0	36.0	42.0
.	100.1 -	200b	34.0	40.0	46.0
.	200.1 -	500b	42.0	52.0	72.0

500.1 - 1,000b 50.0 64.0 98.0

B. CORPORATE BONDS

For each class of original and additional loan securities issued by a listing company.

1. Application Fee

First ₵1 m up to	₵25m - 0.0005	times bond value
Next	₵750m - 0.0002	"
Next	₵4,000m - 0.0001	"
Next	₵5,000m - 0.00005	"
In excess of	₵10,000m - 0.00002	"

2. Original & Additional Listing Fee

First ₵1m up to	₵25m - 0.0010	times bond value
Next	₵750m - 0.0008	"
Next	₵4,000m - 0.0004	"
Next	₵5,000m - 0.0002	"
In excess of	₵10,000m - 0.0001	"

Annual Listing Fee

Based on total bond value outstanding
at the end of previous year - 0.0001 times bond value

C. GOVERNMENT, MUNICIPAL AND ALLIED STOCKS

I. Application Fees -N/A

II. Original & additional

Listing Fees - 0.0002 times stock value

III. Annual Fees

-Based on total stock outstanding
at end of previous year - 0.0001 times stock value

D. ALL SECURITIES

In connection with all application and investigations, Hearing fee per case ₵1 million -Minimum
₵2million -Maximum

E. In line with regulation 10 of the Listing Rules for External Company, the fees payable by external companies listed on the Exchange shall be the dollar equivalent of 1 Y2 {one and a half times the fees for the time being in force.

F. DISCOUNTS

1. In certain circumstances, the Council of the Exchange may grant discounts in respect of original and additional listing of shares and bonds as follows:

- (I) where the company, in the current financial year of the Exchange, has done or is about to do two or more original and/or additional listings;
- (II) where the listing involves option shares in favor of Directors and Employees;
- (III) where the listing involves .the issue of a prospectus supplement *for* part of a series of offers or rights *for* which an initial shelf registration of a full prospectus has been done not more than 4 (four) years ago;
- (IV) where a company issues bonus shares to its shareholders;
- (V) where the total fees (when worked out) exceeds 5% of the gross proceeds receivable *from* the offer or rights etc;
- (VI) where a listed company issues shares to holders of a non-resident company as a result of acquisition, scheme of arrangement, etc.

2. Fees to be applied in the cases under 1 above shall be determined as follows:



(I) The Exchange may on case situation, depending on the volume of work and time expended in vetting the application documents and any other relevant factors, grant discount not exceeding 45% of the total fees ordinarily payable.

(II) The total *fee* payable shall not exceed 5% of the gross proceeds and where it does, shall be further discounted to a figure not more than 5% of the gross proceeds.

For further information contact any of The following Licensed Dealing Members:

1. MERBAN STOCKBROKERS LTD.

HEAD OFFICE ANNEX 57 EXAMINATION LOOP, NORTH RIDGE P.O. BOX 401 , ACCRA. TEL: (233-21) 666331-3/670463/251131-3 TLX: 2191 MERBAN GH FAX: (233-21) 667305 email:merbanservice@merbangh.com

2. ECOBANK STOCKBROKERS LIMITED

19 SEVENTH AVENUE, RIDGE (WEST) P.O. BOX 16746 ACCRA-NORTH TEL: (233-21) 231931 /231932 TLX: 2718 ECOBANK FAX: (233-21) 775406 email:sbebg@ecobank.com

3. NTHC LTD. MARTCO HOUSE,

KWAME NKRUMAH AVENUE P.O. BOX 9563 AIRPORT -ACCRA TEL: (233-21) 238492-3 FAX: (233-21) 229975 email:nthc@ghana.com

4. GOLDCOAST SECURITIES LTD.

NO. 18, 8TH AVENUE RIDGE P. O. BOX 453 ACCRA. TEL: (233-21) 256342-3 233-27 605809 FAX: 256344 email: gsc@goldcoas.com

5. DATABANK BROKERAGE LTD.

SSNIT TOWER BLOCK, 5 FLOOR PRIVATE MAIL BAG MINISTRIES POST OFFICE, ACCRA TEL: (233-21) 669110/665124/663763 FAX: (233-21) 669110 email: databank@afrlcaonline.com.gh

6. FIRST ATLANTIC BROKERS LTD.

NUMBER 1 SEVENTH AVENUE P.O. BOX CT 1620,CANTONMENT,ACCRA TEL: (233-21) 231433-5/245643 FAX: (233-21) 775743 email: fambl@ghana.com



7. SDC BROKERAGE SERVICES LTD.

2ND FLOOR, CITY BUILDING POST OFFICE SQUARE HIGH STREET, P. O. Box 14198, ACCRA TEL:(233-21) 669372-5/662733 FAX: ((233-21) 669371 email: brokerage@sdcgh.com

8. CDH SECURITIES LTD.

3RD FLOOR, TOWER BLOCK SSNIT PENSION HOUSE P.O. BOX 14911, ACCRA-NORTH TEL: (233-21) 667425/668437 FAX: (233-21) 662167 email:cdh2@ncs.com.gh

9. CAL BROKERS LIMITED

45 INDEPENDENCE AVENUE P.O. BOX 14596, ACCRA TEL: (233-21) 221056/221087/231102 FAX: (233-21) 668657/ 231104 email: calbrokers@calbank-gh.com

10. STRATEGIC AFRICAN SECURITIES LTD.

2ND RIDGE LINK, NORTH RIDGE P.O. BOX 16446, AIRPORT-ACCRA TEL: 7011770-3 email: sasltd@africaonline.com.gh

11. NEW WORLD INVESTMENTS LTD.

MOBIL HOUSE, LIBERIA ROAD P.O. BOX 16452, AIRPORT-ACCRA TEL: (233-21) 660163 FAX: (233-21) 228610/670518 email:newworld@gh.com

12. STERLING SECURITIES LTD.

No.2, RANGOON LINK P.O. BOX C2932, CANTONMENTS, ACCRA TEL: (233-21) 764332/5/762955 FAX: (233-21) 762954 email: sterling@africaonline.com.gh

13. WORLDWIDE SECURITIES LTD.

P. O. BOX OS 01072, OSU, ACCRA TEL: 764578-9 FAX: 764580 Wic@africaonline.com.gh

14. CAPITAL ALLIANCE COMPANY LTD

P. O. BOX KA 9544, AIRPORT, ACCRA TEL: 769261, 769755 FAX: 772537