



'Ensuring Investor Protection'

SECURITIES AND EXCHANGE COMMISSION

**SECURITIES INDUSTRY (FINANCIAL RESOURCES) GUIDELINES 2023
SEC/GUI/XYZ/AB/2023**

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SECURITIES INDUSTRY (FINANCIAL RESOURCES) GUIDELINES, 2023

1. Powers of the Commission

In the exercise of the powers conferred on the Securities and Exchange Commission (hereinafter referred to as “the SEC”) pursuant to sections 3 and 209 of the Securities Industry Act 2016 (Act 929) as amended by the Securities Industry (Amendment) Act 2021, Act (1062), these Guidelines are issued this ... day of....., 2023.

2. Application of Guidelines

These Guidelines shall apply to a person licensed by the Commission as a market operator as specified in Schedule

3. Accounting Treatment

1. For the purposes of these Guidelines and subject to subsection (2), a market operator shall account for all assets and liabilities-
 - (a) in accordance with International Financial Reporting Standards (IFRSs), unless otherwise specified in these Guidelines; and
 - (b) in a way that recognizes the substance of a transaction, arrangement or position including accounting for a structured bond as a derivative product and not as a debt security.
2. Subject to subsection (2), a market operator shall not without notifying the Commission under section 46 (1) (c), change any of its accounting policies, other than those referred to in subsection 46 (1)(c), in a way that may materially affect the liquid capital or paid-up share capital that it maintains or is required to maintain under these Guidelines.
3. A market operator may, with the Commission's prior written approval under section 46(1)(c), adopt accounting policies other than one of those referred to in subsection 46 (1)(c).

4. Financial Resources Requirements

A market operator shall at all times maintain financial resources in the amount specified under these Guidelines.

5. Minimum capital requirement for market operators

1. For the purposes of Paragraph 4, a market operator shall at all times maintain minimum paid-up share capital as prescribed under the Securities Industry (Licensing) Guidelines 2020.
2. A market operator shall ensure that its paid-up capital is not impaired by losses. Where the surplus of the market operator is negative, the shareholders’ funds of the market operator shall be at least the required paid-up capital.

6. Liquid capital requirement for market operators

For the purposes of Paragraph 5, a market operator shall at all times maintain liquid capital which is not less than its required liquid capital as specified in Table 1 of Schedule 1.

7. Calculation of liquid capital and required liquid capital

- (1) A market operator, for the purposes of calculating its liquid capital and required liquid capital, shall account for all its assets, liabilities and transactions in accordance with these Guidelines.
- (2) The calculation shall be done in accordance with the format below:

A market operator shall have and maintain at any given time the minimum liquid funds amounting to the maximum of:

- 50% of its minimum capital requirement; or
- 25% of expense base. The expense base shall be the average of last three (3) years expenses as per its annual audited financial statements; or
- 10% of adjusted liabilities as defined in these Guidelines.



Table xxxx – Template for Liquid Capital Computations

		Yr/Mth 2	Yr/Mth 1
Total liquid assets (after applying haircut %s)	A	xxxxxx	xxxxxx
Total adjusted liabilities	B	xxxxxx	xxxxxx
Actual Liquid Capital (A) - (B)	C	xxxxxx	xxxxxx
Required liquid capital =		xxxxxx	xxxxxx
Max of the 3 items (E, F, G) below:	D		
▪ 10% of total adjusted liabilities or	E	xxxxxx	xxxxxx
▪ 50% of Minimum Capital Requirement or	F	xxxxxx	xxxxxx
▪ 25% Expense Base	G	xxxxxx	xxxxxx
Excess liquid capital/(liquid capital deficit)	I = C - D	xxxxxx	xxxxxx

- (3) For the purposes of these guidelines:
 - (a) “Liquid assets” shall mean all assets shown on the balance sheet of a market operator less any applicable haircut percentages specified in these guidelines for those assets. This shall also take into account the aggregate of the amounts required to be included in its liquid assets under the provisions of 16 to 28 of these guidelines.
 - (b) "adjusted liabilities" means the sum of its on-balance sheet liabilities including liabilities excluded from the market operator’s balance sheet and all liabilities required under provisions 29 to 41 of these guidelines. A market operator shall also include in its adjusted liabilities 20% of the average revenue from the last three years to cover Operational Risk.

Obligation to monitor liquidity

- (4) A market operator shall
 - (a) constantly monitor the position of its actual liquid funds and introduce additional funds whenever its liquid funds fall below the required liquid capital specified within 5 business days of the shortfall arising; and
 - (b) immediately notify the Commission when its liquid funds fall below the minimum specified.
- (5) Without prejudice to the generality of these Guidelines, the Commission may require a market operator to introduce funds to enhance its liquidity within a specified period and the market operator shall do so within the specified period
- (6) A market operator who fails to introduce additional funds within the time specified under Sub-paragraph 7 (4) is liable to pay 100 penalty unit for each day the default subsists and shall have its licence suspended if the period of default exceeds 30 days.

8. Accounting for transactions on trade date basis

A market operator, for the purposes of calculating its liquid capital and required liquid capital, shall account on a trade date basis for all transactions effected by it, whether as principal or agent, in relation to:

- (a) any dealing in
 - i. any securities; or
 - ii. a derivative contract; or
- (b) entering into any foreign exchange agreement; or
- (c) interest rate swap agreement

9. Valuation of proprietary positions

(1) A market operator, for the purposes of calculating its liquid capital and required liquid capital, shall, subject to subsection (2), value any open position in:

- (a) any securities;
- (b) a derivative contract;
- (c) a foreign exchange agreement; or
- (d) an interest rate swap agreement;

entered into for its own account at market value.

(2) Notwithstanding subsection (1), for the purposes of calculating the liquid capital and required liquid capital of a market operator, any reference in these Guidelines to the market value of the securities referred to in this subsection shall be construed as referring to the value (including any nil value) at which they are required to be valued under this subsection, namely-

- (a) debt securities other than a certificate of deposit, in respect of which there is no published market price, shall be valued-
 - (i) at the average value of quotations obtained in respect of those debt securities from-
 - (A) at least 2 market makers; or
 - (B) where in relation to any debt securities there are less than 2 market makers, at least 2 banks, securities dealers outside Ghana or market operators, who customarily deal in such debt securities, or at least 2 of the persons referred to in this sub-subparagraph; or
 - (ii) if the quotations referred to in subparagraph (i) are not available-

- (A) in the case of long positions, at nil; or
 - (B) in the case of short positions, at the face value of the debt securities;
- (b) listed securities which have been suspended from trading for at least 3 business days or ceased trading on any exchange on which the securities were listed, shall, unless the securities can continue to be traded on any other exchange on which the securities are listed, be valued-
- (i) in the case of long positions, at nil; or
 - (ii) in the case of short positions, at the last closing price before the suspension or cessation of trading;
- (c) certificates of deposit issued by an authorized financial institution in respect of which there is no published market price, shall be valued at 90% of the value quoted by the issuer.
- (d) certificates of deposit issued by an approved bank incorporated outside Ghana, in respect of which there is no published market price, shall be valued at
1. 90% of the value quoted by the issuer, where the issue is rated investment grade by a recognised rating agency
 2. 75% where the issue is not rated or is rated below investment grade
- (e) certificates of deposit issued by specialised deposit taking institutions shall be valued at 75% of the value quoted by the issuer.

10. Pairs of transactions

A market operator who enters into a pair of transactions in which its respective roles are opposite, but which otherwise have identical or similar terms, shall account for the transactions as separate transactions.

11. No set-off

1. Subject to subsections (2), (3), and (4) and section 20(2), the assets and liabilities of a market operator shall be treated separately on a gross basis and shall not be set-off against each other.
2. Subsection (1) does not apply in respect of any amounts receivable by a market operator from, and any amounts payable by it to, a recognized clearing house, where the Guidelines of the clearing house permit the setting-off of such amounts against each other for settlement purposes.
3. Subsection (1) does not apply in respect of any amounts receivable by a market operator from, and any amounts payable by it to, a person, where-
 - (a) such amounts do not arise from the carrying on of any regulated activity for which it is licensed; and
 - (b) it has a legally enforceable right to set-off such amounts against each other.
4. Subsection (1) does not apply in respect of any amounts receivable by a market operator from, and any amounts payable by it to, a client of the market operator, where such amounts arise from-
 - (a) the purchase and sale by the client of securities of the same description due to be settled on a cash- against-delivery basis where the client has authorized the market operator to set-off such amounts; or

- (b) the purchase and sale by the client of securities in relation to which the market operator has elected to set-off such amounts against each other under section 20 (2).

12. Transactions in margin accounts

- (1) A market operator shall not set-off amounts receivable by it from, and amounts payable by it to, a client of the market operator arising from transactions in different margin accounts maintained with it by the client.

- (2) Where a market operator has a client who-

- (a) maintains with it more than one margin account;
- (b) has deposited with it security against his liabilities in the form of-
 - (i) cash;
 - (ii) collateral; or
 - (iii) a bank guarantee issued by an authorized financial institution or an approved bank incorporated outside the Republic of Ghana; and
- (c) has authorized it to apply such security specified under paragraph 12(2)(b) to satisfy any liabilities arising from the execution of any transaction in relation to any of his margin accounts;

the market operator may, subject to subsections (3) and (4) for the purpose of calculating-

- (i) a specified shortfall amount in relation to a margin account of the client; or
- (ii) a margin shortfall amount under Paragraph 21(1)(b) in relation to the client, deem all or part of such security to be deposited by the client as security to the margin account in relation to which such shortfall amount is calculated; or

for the purpose of calculating any amount to be included in its ranking liabilities under paragraph 12 in relation to a margin account of the client, reduce any such amount by where the client has deposited

- (i) cash referred to in paragraph (b)(i), the amount of such cash;
- (ii) collateral referred to in paragraph (b)(ii), the amount of the market value of such collateral, less the haircut amount in relation to the collateral; or
- (iii) a bank guarantee referred to in paragraph (b)(iii), the amount that it can draw down under such bank guarantee.

- (3) A market operator shall not-

- (a) under subsection (2)(c), deem-
 - (i) any amount of cash;
 - (ii) any collateral; or
 - (iii) any amount that it can draw down under a bank guarantee; to be security to the margin account concerned; or
- (b) effect any reduction under subsection (2)(c) in respect of such security, if-
 - (i) such security has been deemed under subsection (2)(c) to be deposited as security to another margin account of the client; or
 - (ii) in respect of such security, a reduction under subsection (2)(c) has been effected in relation to another margin account of the client.

- (4) For the purposes of these Guidelines, a market operator shall cease to treat-

- (a) any cash referred to in subsection (2)(b)(i);
- (b) any collateral referred to in subsection (2)(b)(ii); or
- (c) any bank guarantee referred to in subsection (2)(b)(iii),

as security in relation to the margined account of the client into which it was deposited, to the extent that such security-

- (i) has been deemed under subsection (2)(b) to be deposited as security to another margin account of the client; or
 - (ii) has been utilized to effect a reduction under subsection (2)(c).
- (5) For the purposes of subsection (2), "specified shortfall amount" means an amount to be included in the market operator's ranking liabilities under-
- (a) section 32(4);
 - (b) section 34; or
 - (c) section 35(2).
- (6) In this section, "margin account" in relation to a client of a market operator, means-
- (a) an account maintained with a market operator that undertakes margin trading, by the client for the provision of securities margin financing to the client by the market operator; or
 - (b) an account maintained with the market operator by the client for-
 - (i) short selling;
 - (ii) securities borrowing and lending; or
 - (iii) entering into repurchase transactions.

13. Assignments

- (1) A market operator shall not include in its liquid assets any amount receivable by it from any of its clients if such amount has been assigned by it to another person.
- (2) A market operator shall not treat any collateral or any other type of security deposited with it by any of its clients as so deposited where such collateral or other type of security has been assigned to another person.

14. Treatment of securities borrowing and lending agreements

- (1) A market operator which, under a securities borrowing and lending agreement, is the borrower of any securities, is deemed for the purposes of these Guidelines;
 - (a) to remain the owner of any collateral beneficially owned by it and provided by it as security to the lender of the securities under the agreement;
 - (b) to have an amount receivable from that lender equal to the amount of cash provided by it as security to that lender; and
 - (c) not to own the securities borrowed under the agreement.
- (2) A market operator which, under a securities borrowing and lending agreement, is the lender of any securities, is deemed for the purposes of these Guidelines-
 - (a) where the securities lent under the agreement are beneficially owned by it, to remain the beneficial owner of the securities for the purposes of section 24;
 - (b) not to own any collateral deposited with it as security by the borrower of the securities under the agreement; and
 - (c) to have an amount payable to that borrower equal to the amount of cash deposited with it as security by that borrower, unless the cash-
 - i. is not included in its liquid assets under section 19; and
 - ii. is held in a segregated account.

15. Treatment of repurchase transactions

- (1) Where a market operator is the purchaser in the first instance of any securities under a repurchase transaction, it is deemed for the purposes of these Guidelines-
 - (a) to have an amount receivable from the seller of the securities equal to the consideration for which it purchased the securities; and
 - (b) not to own the securities purchased and shall not include them in its liquid assets under section 17(2).
- (2) Where a market operator is the seller in the first instance of any securities beneficially owned by it under a repurchase transaction, it is deemed for the purposes of these Guidelines
 - (a) to remain the owner of the securities sold by it; and
 - (b) to be liable to the purchaser of the securities for an amount equal to the consideration for which it sold the securities.

Liquid assets

16. A market operator shall, for the purpose of calculating its liquid assets apply the computation basis prescribed in these Guidelines.

17. Exclusions from liquid assets

- (1) A market operator which operates a branch outside Ghana shall not include in its liquid assets any asset which it is required by a relevant regulatory authority to maintain in order for the branch to obtain or maintain a licence, registration, membership or authorization to carry on an activity which, if carried on in Ghana, would constitute a regulated activity.
- (2) A market operator shall not include in its liquid assets, any asset-
 - (a) that is an amount of a currency that is subject to exchange control; or
 - (b) the proceeds of which upon realization are not freely remittable to Ghana, unless the market operator reasonably believes that approval for the remittance of such currency or proceeds to Ghana can be obtained from the relevant regulatory authority within one week of application by it for such approval.

18. Assets provided to others as security

- (1) A market operator, for the purpose of calculating its liquid capital, subject to subsection (2), is deemed not to own any asset which it beneficially owns and has provided to another person as security for any liabilities or obligations.
- (2) A market operator is deemed to remain the owner of any asset which it beneficially owns and has provided as security
 - (a) to-
 - (i) an authorized financial institution;
 - (ii) an approved bank incorporated outside Ghana; or
 - (iii) another market operator, for credit facilities provided to it by the institution, bank or corporation (as the case may be);
 - (b) under a securities borrowing and lending agreement under which it is the borrower of securities;
 - (c) in the form of margin deposited in respect of any margin trading by it; or

- (d) to, or to obtain a bank guarantee in favour of, a recognized clearing house for the purpose of enabling it to fulfil its obligations under the Guidelines of the clearing and settlement institution.

19. Cash in hand and at bank

A market operator shall include in its liquid assets-

- (a) cash in hand which it beneficially owns;
- (b) money which it beneficially owns and holds in its name, or in a segregated account, with an authorized financial institution or an approved bank incorporated outside Ghana in the form of-
 - (i) a demand deposit; or
 - (ii) a time deposit which will mature in 6 months or less; and
 - (iii) interest accrued on any deposit referred to in paragraph (b)(ii)

20. Amounts receivable from clients in respect of purchase of and subscription for securities

- (1) Subject to subsections (3) and (7), a market operator shall include in its liquid assets the following amount receivable from any of its clients arising from purchase by the client of securities on a cash-against-delivery basis-
 - (a) any such amount receivable which-
 - (i) is not yet due for settlement according to the settlement date; or
 - (ii) has been outstanding for 15 business days or less after the settlement date; and
 - (b) where any such amount receivable has been outstanding for more than 15 business days but less than one month after the settlement date, the amount which is the lower, when calculated on a transaction- by-transaction basis, of-
 - (i) such outstanding amount receivable less any specific provision for bad or doubtful debts made in respect of such outstanding amount; and
 - (ii) the market value of the securities to which such outstanding amount relates.
- (2) A market operator may elect in respect of all its clients to set-off, on a client-by-client basis, any amount receivable from, and amount payable to, a client where such amounts arise from the purchase and sale of securities by the client on a cash-against-delivery basis, and the market operator has obtained from the client a written authorization to-
 - (a) set-off such amounts against each other; and
 - (b) dispose of securities held for the client for the purpose of settling any of the amounts payable by the client to the market operator.
- (3) Subject to subsection (7), where a market operator makes an election under subsection (2), it shall include in its liquid assets in respect of the amount receivable by it from and the amount payable by it to a client which arise from the purchase and sale of securities by the client on a cash-against-delivery basis the amount which is the lower, when calculated on a client-by-client basis, of-
 - (a) any amount receivable that remains after the set-off referred to in subsection (2) less any specific provision for bad or doubtful debts made in respect of such amount receivable; and
 - (b) the market value of the securities held for the client, less the haircut amounts in relation to the securities.
- (4) Subject to subsection (7), a market operator shall include in its liquid assets the following amount receivable from any of its clients in respect of the purchase of securities by the client on a free delivery basis-

- (a) in the case where the clearing system of the exchange on which the securities are traded effects settlement only on a free delivery basis, such amount receivable which, when calculated on a transaction-by-transaction basis, has been outstanding for 15 days or less after the settlement date; or
 - (b) in any other case, such amount receivable which, when calculated on a transaction-by-transaction basis, is not yet due for settlement according to the settlement date.
- (5) Subject to subsection (7), a market operator shall, in respect of securities subscribed for on behalf of any of its clients, include, prior to the commencement of trading of the securities on any exchange on which they are listed, in its liquid assets the amount which is the lower, when calculated on a transaction-by-transaction basis, of-
- (a) 90% of the total costs to the client of subscribing for the securities; and
 - (b) the amount receivable from the client for subscribing for the securities.
- (6) Subject to subsection (7), a market operator shall, in respect of securities subscribed for on behalf of any of its clients, include, after the commencement of trading of the securities on any exchange on which they are listed, in its liquid assets the amount receivable from the client arising from subscribing for the securities in accordance with subsection (1) or (3) as if the securities had been purchased on a cash-against-delivery basis.
- (7) The aggregate of amounts that a market operator includes in its liquid assets under subsections (1), (3), (4), (5) and (6) shall not exceed the aggregate of amounts receivable from its clients referred to in those subsections less the aggregate of amounts of specific and general provisions for bad or doubtful debts made in respect of such aggregate of amounts receivable.
- (8) In subsection (2), "written authorization" means an agreement in writing from the client allowing such set off or disposal.

21. Amounts receivable in respect of providing securities margin financing

- (1) Subject to subsections (2) and (3), a market operator shall include in its liquid assets any net amount receivable from any of its margin clients, calculated as the amount by which the amount receivable from the margin client exceeds the amount payable by it to the margin client arising from the provision by it of securities margin financing, after deducting the higher of-
- (a) any specific provision for bad or doubtful debts made in respect of such net amount receivable; and
 - (b) the margin shortfall amount, calculated as the amount by which the net amount receivable exceeds the aggregate of-
 - (i) the market value of collateral, other than illiquid collateral, provided by the client, less the haircut amount in relation to such collateral;
 - (ii) the market value of all illiquid collateral provided by the client, multiplied by:
 - a. in the case of listed shares, 20%; and
 - b. in the case of other equity securities, 0%;
 - (iii) the amount of cash deposited as security by the client; and
 - (iv) the maximum amount that it can draw under a bank guarantee provided to it by the client and issued by an authorized financial institution or an approved bank incorporated outside Ghana.
- (2) In subsection (1)(b)(i) and (ii), "illiquid collateral", in relation to any collateral provided to a market operator by its margin clients, means any listed share which is of the same description

as that identified as top 3 collateral provided by any top margin client of the market operator, where-

- (a) if it is a share, the aggregate market value of all shares of the same description as that share provided to the market operator by its margin clients as collateral is equal to or greater than-
 - (i) the average monthly turnover of that share; or
 - (ii) 5% of the market capitalization of that share as at the end of the month immediately preceding the month prior to the month in which the calculation is made;
- but does not include-
- (b) any listed share which has been listed for less than 6 consecutive months (including any period during which the share is suspended from trading) immediately preceding the month prior to the month in which the calculation is made; and
 - (c) any listed share which is a constituent of an applicable share index recognised by the Commission.

(3) In subsection (2)-

"average monthly turnover", in relation to a listed share, means one sixth of the aggregate value of transactions in that share or warrant on any exchange on which it is listed for a period of 6 consecutive months (including any period during which the share or warrant is suspended from trading) immediately preceding the month prior to the month in which the calculation is made;

"calculation" means a calculation made for the purposes of subsection (1);

"market capitalization", in relation to a listed share, means the amount of the total number of shares of the same description as that share issued by the issuer of that share multiplied by their market price;

"top 3 collateral", in relation to a top margin client, means any of the 3 highest listed shares in terms of market value among all listed shares and listed warrants provided by him to the market operator as collateral;

"top margin client", means-

- (a) where it has less than 20 margin clients, all its margin clients with outstanding margin loan balance; or
- (b) where it has 20 or more margin clients, the 20 margin clients with the largest outstanding margin loan balance.

- (4) In the definition of "top 3 collateral" in subsection (3), "market value", in relation to a listed share provided by a margin client to the market operator, means the market value of all such listed shares of the same description as that share provided by the margin client to the market operator.

22. Amounts receivable from counterparties in respect of dealings in securities

- (1) Subject to subsection (2) and (3), a market operator shall include in its liquid assets the following amounts receivable from any client or securities dealer which arise from the buying and selling of securities by it to the securities dealer or client-
 - (i) any such amount receivable which has been outstanding for 15 days or less after the settlement date less a haircut of 15%

- (ii) where any such amount receivable has been outstanding for more than 15 days but less than one month after the settlement date less a haircut of 50%
 - (iii) where any such amount receivable has been outstanding for more than a month after the date of settlement-
 - a. such outstanding amount receivable less any specific provision for bad or doubtful debts made in respect of such outstanding amount; and
 - b. the market value of the securities less any applicable haircut to which such outstanding amount relates;
- (2) Section (1) (iii) also applies to any securities purchased on behalf of a client which has not been booked to the clients account but may be held by the market operator.
- (3) Where any amount is due to the market operator by an agent for which the market operator is responsible, the amount shall be subject to a 100% haircut.
- (4) The aggregate amounts that a market operator includes in its liquid assets under subsection (1) shall not exceed the aggregate amounts receivable from clients or securities dealers referred to in that subsection less the aggregate amounts of specific and general provisions for bad or doubtful debts made in respect of such aggregate amounts receivable.

23. Cash provided as security for short selling

A market operator shall include in its liquid assets an amount receivable in the amount of any cash (including interest accrued on it) provided by it as security to the counterparty in respect of a short selling by it of securities where it has not yet delivered the securities to the counterparty for settlement, where the counterparty is-

- (a) a securities dealer;
- (b) a clearing house of a specified exchange; or
- (c) a clearing participant of a clearing house referred to in paragraph (b) above.

24. Proprietary positions of licensed entities

- (1) A market operator shall include in its liquid assets any of the following assets that it beneficially owns -
- (a) listed shares;
 - (b) qualifying debt securities;
 - (c) special debt securities;
 - (d) specified securities;
- at market value, less the haircut amounts in relation to the securities or specified investments concerned;
- (2) A market operator shall include in its liquid assets any derivative contract that it beneficially owns in-
- (a) listed shares;
 - (b) qualifying debt securities;
 - (c) special debt securities;
 - (d) specified securities;
 - (e) specified investments,
- at market value, less twice the haircut amounts in relation to the securities or specified investments concerned.

25. Amounts receivable from clearing houses

- (1) A market operator shall include in its liquid assets-
- (a) amounts receivable from a recognized clearing house; and
 - (b) cash deposited with such clearing house, other than-
 - i. admission fees it has paid to such clearing house;
 - ii. contributions it has made to the Guarantee Fund or Reserve Fund of such clearing house; and
 - iii. clients' monies held in a segregated account maintained with such clearing house.
- (2) A market operator shall, in respect of-
- (a) any dealing by it in-
 - (i) any securities; or
 - (ii) a derivative contract;
 - (b) its entering into any-
 - (i) foreign exchange agreement; or
 - (ii) interest rate swap agreement,
- include in its liquid assets-
- a. amounts receivable from foreign clearing and settlement institutions and
 - b. cash deposited with foreign clearing and settlement institutions other than-
 - c. admission fees it has paid to foreign clearing and settlement institutions
 - d. cash it has deposited with foreign clearing and settlement institutions as security against its general obligations.

26. Amounts receivable under securities borrowing and lending agreements

A market operator which is the borrower of securities under a securities' borrowing and lending agreement shall include in its liquid assets any amount receivable from the lender of the securities that it is deemed to have in respect of any cash provided by it as security to the lender, under section 14(1)(b)

27. Amounts receivable under repurchase transactions

A market operator which is the purchaser in the first instance of any securities under a repurchase transaction shall include in its liquid assets any amount receivable from the seller of the securities that it is deemed to have in respect of the consideration for which it purchased the securities under section 15(1)(a) .

28. Miscellaneous assets

A market operator shall include in its liquid assets any of the following assets-

- (a) the amount of any fees, commissions, commission rebates and interest charges to which it is beneficially entitled which arise from the carrying on by it of any regulated activity for which it is licensed and-
 - (i) which have accrued and will first be due for billing or payment within the next 3 months; or
 - (ii) which have been billed or fallen due for payment and remain outstanding for one month or less after the date on which they were billed or fell due;
- (b) deposits which it beneficially owns and maintained with, and in accordance with the Guidelines or requirements of, a recognized securities exchange as security for its

obligations or liabilities owed to the recognized securities exchange for stamp duty chargeable under the Stamp Duty Act, 2005 (Act 689) as amended on contract notes specified in an agreement under that Act;

- (c) prepaid operating expenses which will be expensed within the next 3 months;
- (d) interest accrued to it under an interest rate swap agreement to which it is a party, other than interest which remains outstanding after it is first due for payment;
- (e) amounts paid by it for its own account for subscribing for-
 - (i) listed shares or shares pending their being listed;
 - (ii) qualifying debt securities;
 - (iii) specified securities,less an amount equal to such amounts as multiplied by 50% of the haircut percentages in relation to such shares or securities;
- (f) dividends receivable on shares listed on a recognized stock market or on a specified exchange that are traded on an ex-dividend basis and which it beneficially owns;
- (g) interest accrued on qualifying debt securities or special debt securities that are traded on an ex-interest basis and which it beneficially owns.

Ranking liabilities

A market operator shall, for the purpose of calculating its ranking liabilities apply the computation basis prescribed in these Guidelines.

29. Amounts payable to clients

A market operator shall include in its ranking liabilities any amount payable to any of its clients or any counterparty or clearing house which arises from the carrying on of any regulated activity for which it is licensed, other than an amount payable to any of its clients which is set-off against an amount receivable from the client under section 20 (3).

30. Amounts payable in respect of dealing in securities

A market operator shall include in its ranking liabilities, in respect of a sale of securities-

- (a) by it for a client who is in default of his obligation to deliver the securities for-
 - (i) more than 2 weeks after the settlement date; or
 - (ii) more than 5 business days but not more than 2 weeks after the settlement date and the market value of the securities is more than 200% of the consideration for which they were sold; and
- (b) which it has not settled with securities purchased at its own expense, the amount by which the market value of the securities exceeds the consideration for which they were sold.

31. Provision of securities margin financing

- (1) A market operator that undertakes margin trading or financing shall include in its ranking liabilities the amount, when calculated on a client-by-client basis, by which-
 - (a) any amount receivable from any of its margin clients exceeds 10% of the aggregate amount receivable from its margin clients included in its liquid assets in accordance with section 21(1)or

- (b) in the case of a group of related margin clients, the aggregate amount receivable from the group, exceeds 10% of the aggregate amount receivable from its margin clients included in its liquid assets in accordance with section 21(1),
- (2) Where a market operator obtains any financial accommodation wholly or partly secured by collateral provided by any of its margin clients, it shall include in its ranking liabilities the amount by which such financial accommodation exceeds 70% of the aggregate amount receivable from its margin clients arising from the provision of securities margin financing.
- (3) In subsection (1), "group of related margin clients" means any 2 or more margin clients of a market operator and:
 - (a) where it is a group of 2 margin clients, one is the spouse of the other;
 - (b) where one or more of the margin clients are corporate bodies, one is in control, either alone or with his spouse, of 30% or more of the voting rights of that other margin client or each of the other margin clients (as the case may be); or
 - (c) where the margin clients are corporate bodies, they are members of the same group of companies.

32. Short positions in securities and specified investments

- (1) Subject to subsections (2) and (3), a market operator which holds for its own account a short position in securities, whether by short selling or otherwise, shall include in its ranking liabilities the market value of those securities or specified investments.
- (2) Subject to subsection (3), a market operator which holds for its own account a short position, whether by short selling or otherwise, in:
 - (a) subject to subsections (4), listed shares;
 - (b) qualifying debt securities;
 - (c) specified securities;
 shall increase the amount required to be included in its ranking liabilities under subsection (1) by 20% in relation thereto.
- (3) A market operator which holds for its own account a short position in securities, whether by short selling or otherwise, which-
 - (a) are not of a type specified in Schedule 2;
 - (b) constitute more than 5% by market value of all securities of the same description issued by a particular corporate body; or
 - (c) are listed shares which have been suspended from trading for at least 3 business days or ceased trading on any exchange on which the securities were listed, unless the securities can continue to be traded on any other exchange on which the securities are listed,
 shall increase the amount required to be included in its ranking liabilities under subsection (1) by the market value of such securities.
- (4) A market operator shall include in its ranking liabilities, in respect of the short selling of securities for any of its clients, except where such securities have been delivered to it by the client or are not yet due for settlement according to the settlement date, 20% of the market value of such securities.

33. Concentrated proprietary positions

- (1) Where a market operator holds for its own account-
 - (a) listed shares;
 - (b) qualifying debt securities; or
 - (c) specified investments,

and the net market value of any such securities which are of the same description equals 25% or more of its required liquid capital, it shall include in its ranking liabilities 25% of such net market value.

- (2) In subsection (1), "net market value", in relation to any securities referred to in that subsection, means the market value that remains after netting each long and short position in securities of the same description.

34. Securities borrowing and lending agreements

A market operator which is the borrower or lender of securities under a securities borrowing and lending agreement shall include in its ranking liabilities 20% of the aggregate of-

- (a) the market value of securities borrowed by it, and
- (b) the market value of securities lent by it.

35. Repurchase transactions

- (1) A market operator which is the purchaser in the first instance of any securities in a repurchase transaction shall include in its ranking liabilities 5% of the securities market value.
- (2) A market operator which is the seller in the first instance of any securities in a repurchase transaction shall include in its ranking liabilities 5% of the securities market value.
- (3) A market operator which is the seller in the first instance of any securities in a repurchase transaction shall include in its ranking liabilities the amount of the consideration for which it sold the securities.

36. Net underwriting commitments

- (1) Subject to subsection (2), a market operator which underwrites or sub-underwrites an issue or a sale of securities shall include in its ranking liabilities 50% of the haircut percentage in relation to the securities multiplied by the net underwriting commitment.
- (2) This section does not apply to a market operator on the day on which it acquires an underwriting or a sub-underwriting commitment in respect of an issue or a sale of securities and the business day following that day.
- (3) For the purposes of subsection (2), a market operator acquires an underwriting or a sub-underwriting commitment in respect of an issue or a sale of securities at the later of-
 - (a) the time when it commits itself to underwrite or sub-underwrite the securities; and
 - (b) the time when the lead underwriter or co-lead underwriter signs the underwriting agreement with the issuer or the seller (as the case may be) of the securities.
- (4) In subsection (1), "net underwriting commitment" means the total costs of subscribing for or purchasing securities underwritten or sub-underwritten by a market operator other than-
 - (a) securities which are sub-underwritten; and
 - (b) securities which are the subject of a legally binding contract for the subscription for or purchase of such securities, through or from that market operator by another person.

37. Off-exchange traded derivative contracts

- (1) Subject to subsection (2), a market operator shall include in its ranking liabilities the amount of any floating losses incurred by it in respect of any position in any off-exchange traded derivative contract.
- (2) Where a market operator has entered into a bilateral netting agreement in respect of two (2) or more off- exchange traded derivative contracts with the counterparty with whom it maintains the positions, it shall include in its ranking liabilities the difference by which the amount of any floating losses incurred by it exceeds the amount of any floating profits made by it in respect of the contracts.
- (3) In subsection (2), "bilateral netting agreement" means an agreement between the market operator and the counterparty with whom it maintains positions in off-exchange traded derivative contracts under which each party has a single obligation to the other in respect of all such contracts covered by the agreement and which provides that, in the event that the counterparty fails to comply with its obligation under the agreement, the market operator will have-
 - (a) a single claim to receive only the net amount of the aggregate positive mark-to-market value of any contract covered by the agreement, calculated by deducting from the aggregate positive mark-to-market value of any contract covered by the agreement the aggregate negative mark-to-market value of any other contract covered by the agreement; or
 - (b) a single obligation to pay only the net amount of the aggregate negative mark-to-market value of any contract covered by the agreement, calculated by deducting from the aggregate negative mark-to-market value of any contract covered by the agreement the aggregate positive mark-to-market value of any other contract covered by the agreement.

38. Interest rate swap agreements

- (1) A market operator which is a party to an interest rate swap agreement shall include in its ranking liabilities the notional principal amount multiplied by 7%.
- (2) In subsection (1), "notional principal amount" means the theoretical amount agreed upon by the parties to an interest rate swap agreement on the basis of which any interest payment to be made under the agreement is calculated.

39. Foreign exchange agreements

A market operator which is a party to a foreign exchange agreement shall include in its ranking liabilities the amount of currency to be delivered by it under the agreement multiplied by 5%.

40. Miscellaneous

- (1) A market operator shall include in its ranking liabilities-
 - (a) 20% of the amount of any guarantee, indemnity or other similar financial commitment provided by it, directly or indirectly (including the pledging of assets for the purpose of obtaining a bank guarantee), other than a guarantee, an indemnity and other financial commitment provided by it in respect of its own liabilities and obligations provided that the amount of any such guarantee, indemnity, or other similar financial commitment is fully covered by insurance;
 - (b) the amount by which the liabilities of any subsidiary of it (excluding any amounts due to it from the subsidiary) exceed the assets of the subsidiary;

- (c) the consideration it is obliged to pay for the redemption of redeemable shares, other than approved redeemable shares, which have not yet been redeemed;
 - (d) 20% of its last operational revenue to cover Operational Risk; and
 - (e) subject to subsection (2), 5% of its net position in each foreign currency.
- (2) In calculating the net position in a foreign currency for the purposes of subsection (1)(e), a market operator may elect to exclude from the calculation the value of any asset which is denominated in that foreign currency and not included in its liquid assets under any of these Guidelines.
- (3) In this section, "net position", in relation to a foreign currency, means the difference between-
- (a) the aggregate of the value of assets, other than fixed assets, beneficially owned by a market operator which are denominated in the foreign currency together with the amount of the foreign currency which it is obliged to purchase under any outstanding contract; and
 - (b) the aggregate of the amount of the on-balance sheet liabilities of the market operator, other than excluded liabilities, which are denominated in such foreign currency together with the amount of such foreign currency which it is obliged to sell under any outstanding contract.

41. Other liabilities

- (1) Subject to subsection (2), a market operator shall include in its ranking liabilities all its liabilities not otherwise required to be included in its ranking liabilities under any other provision of these Guidelines, including-
- (a) any amount payable by it in relation to any overdraft obtained by it;
 - (b) any amount payable by it in relation to any loan obtained by it;
 - (c) any accrued interest payable by it to any other person;
 - (d) any accrued expenses incurred by it;
 - (e) any tax payable by it, less any tax prepaid by it, to the extent that the tax payable and the tax prepaid are of the same description and levied by the same taxation authority ;
 - (f) any provision made by it for contingent liabilities;
 - (g) any provision made by it for floating losses in respect of open positions held for its own account; and
 - (h) any other liabilities provided for in accordance with generally accepted accounting principles, including International Financial Reporting Standards.
- (2) A market operator shall not include in its ranking liabilities-
- (a) any approved subordinated loan provided to it that it is not required to settle within the next 12 months; or
 - (b) any liability that it is not required to settle within the next 12 months and is secured by a first legal charge on immovable property beneficially owned by it and used in carrying on the regulated activity for which it is licensed, to the extent that the net realizable value of that property equals such liability.

42. Market operators to notify Commission of failure to comply with these Guidelines

- (1) Where a market operator notifies the Commission-
- (a) that it is unable to maintain, or to ascertain whether it maintains, financial resources in accordance with the specified amount requirements that apply to it; or
 - (b) that it is unable to comply with, or to ascertain whether it complies with, all or any of the requirements of these Guidelines, other than the specified amount requirements,

it shall include in the notice-

- i) full details of the matter and the reason therefore; and
- ii) full details of any steps it is taking, has taken or proposes to take to redress the inability.

- (2) The Commission may, where a market operator gives notice to the Commission, request the market operator to provide, in such form and within such time as the Commission may specify, such additional information and document as the Commission may require in connection with the matter, whereupon the market operator shall comply with the request accordingly.
- (3) For the purposes of these Guidelines, "specified amount requirements", in relation to a market operator, means the applicable requirements to maintain minimum capital requirement in the amount required under section 5; and the requirement to maintain liquid capital not less than its required liquid capital under section 6.

43. Market operators to notify Commission of circumstances relating to financial resources and trading activities and to submit returns in certain cases

- (1) A market operator shall notify the Commission in writing as soon as reasonably practicable and in any event within one business day of becoming aware of any of the following matters-
 - (a) its liquid capital falls below 120% of its required liquid capital;
 - (b) its liquid capital falls below 50% of the liquid capital stated in its last return submitted to the Commission under section 44(1) or 44(3);
 - (c) any information contained in any of its previous returns submitted to the Commission pursuant to these Guidelines has become false or misleading;
 - (d) the aggregate of the amounts it has drawn down on any loan, advance, credit facility or other financial accommodation provided to it by banks exceeds the aggregate of the credit limits thereof;
 - (e) it has been or will be unable, for 3 consecutive business days, to meet in whole or in part any calls or demands for payment or repayment (as the case may be), from any of its lenders, credit providers or financial accommodation providers;
 - (f) any of its lenders or any person who has provided credit or financial accommodation to it has exercised, or has informed it that he will exercise, the right to liquidate security provided by it to him in order to reduce its liability or indebtedness to him under any outstanding loan, advance, credit facility balance or other financial accommodation provided to it by him;
 - (g) the aggregate of the maximum amounts that can be drawn down against it under any guarantee, indemnity or any other similar financial commitment provided by it-
 - i. exceeds 20% of the liquid capital requirement; or
 - ii. would, if deducted from its liquid capital, cause its liquid capital to fall below 120% of its required liquid capital;
 - (h) the aggregate of amounts of any outstanding claim made in writing by it or against it (whether disputed or not) exceeds or is likely to exceed 20% of the liquid capital or GHS 1,000,000;
 - (i) the aggregate of amounts of any outstanding claim made in writing by it or against it (whether disputed or not) would, if deducted from its liquid capital, cause its liquid capital to fall below 120% of its required liquid capital;
 - (j) any claim is made by it under any professional indemnity or other insurance policy that it is required to maintain under any Guidelines or conventions of any exchange or clearing house;

- (k) any financial commitment, including a guarantee, is provided for it in favour of an exchange or a clearing house, by a corporation which is a member of a group of companies of which it is a member.
- (2) Where a market operator notifies the Commission of any matter under subsection (1), it shall
 - (a) include in the notice full details of the matter and the reason therefor; and
 - (b) in the case of a notification under subsection (1)(a), (b), (c), (e), (f) or (g), include in the notice full details of any steps it is taking, has taken or proposes to take to prevent its liquid capital from falling below its required liquid capital or to improve its liquidity.
- (3) Where a market operator has, prior to the commencement of these Guidelines, entered into any position in an off-exchange traded derivative contract other than-
 - (a) an options contract written by it on its own account;
 - (b) an interest rate swap agreement; and
 - (c) a foreign exchange agreement,of which it has not notified the Commission prior to the commencement of these Guidelines, it shall within one business day of the commencement of these Guidelines notify the Commission in writing of the details of such position.
- (4) Where a market operator intends to enter into any position in an off-exchange traded derivative contract other than-
 - (a) an options contract written by it on its own account;
 - (b) an interest rate swap agreement; and
 - (c) a foreign exchange agreement,it shall notify the Commission in writing of the details of the position it intends to enter into at least 10 business days before entering into the position.
- (5) Where a market operator intends to change any of its accounting policies in a way that may materially affect the liquid capital or paid-up share capital that it maintains or is required to maintain under these Guidelines, for the purposes of section 3(B), it shall notify the Commission in writing of the details of, and the reasons for, the intended change not less than 21 business days prior to effecting the change.

44. Market operators to submit returns to Commission

- (1) A market operator shall, in respect of each month at the end of which it remains licensed, submit to the Commission, in the manner specified in subsection (3) and no later than 14 days after the end of the month concerned, a return which is in the form specified by the Commission and signed in the manner specified in subsection (4), and includes;
 - (a) its liquid capital computation;
 - (b) its required liquid capital computation; and
 - (c) an analysis of its client assets including institutional, retail, foreign and related parties.
- (2) A market operator to which subsection (1) applies shall, in respect of each quarter, submit to the Commission, in the manner specified in subsection (3) and no later than 21 days after the end of the period concerned, a return which is in the form specified by the Commission and signed in the manner specified in subsection (4), and
 - (a) a statement of financial position including details of bank loans, advances, credit facilities and other financial accommodation available to it;
 - (b) its profit and loss account (statement of comprehensive income);
 - (c) an analysis of its clientele;
 - (d) an analysis of its proprietary derivative positions; and

(e) where it is licensed as a Fund Manager, an analysis of the assets under its management indicating asset class and sector allocations.

(3) For the purposes of this section, a market operator shall submit a return to the Commission in paper and electronic form by means of an online communication system approved by the Commission

(4) For the purposes of this section a return referred to in this section shall be signed on behalf of the market operator concerned by the Chief Executive Officer and Chief Finance Officer of the market operator.

45. Market operators to provide information

The Commission may at any time, by notice in writing, request a market operator to provide it within the time and in the manner specified in the notice with such information, including any record or document, as it may specify in the notice relating to the financial resources or trading activities of the market operator, whereupon the market operator shall comply with the request accordingly.

46. Approvals

(1) The Commission may, on application in writing by a market operator, approve-

- (a) as an approved subordinated loan, any subordinated loan obtained by the market operator;
- (b) as an approved standby subordinated loan facility, any standby subordinated loan facility obtained by the market operator;
- (c) for the purposes of section 3(B), the adoption by the market operator of an accounting principle other than one of those referred to in section 3(A)(i);
- (d) for the purposes of section 44(4), an officer of the market operator to sign a return; and
- (e) the withdrawal of an election made by the market operator under any provision of these Guidelines.

(2) An approval granted under subsection (1) shall be subject to such reasonable conditions as the Commission may impose, and the Commission may at any time revoke the approval or amend or revoke any such condition or impose new conditions as may be reasonable in the circumstances.

(3) The Commission may, for the purposes of section 44(3), approve an online communication system for the submission of returns.

47. Withdrawal of elections made under these Guidelines

A market operator which makes an election under any provision of these Guidelines shall be bound by the election until such time as the Commission approves the withdrawal of the election under section 46(1)(e).

48. Transitional provisions

A market operator shall comply with these Guidelines within one year of the commencement of these Guidelines.

The Commission may grant an exemption or partial exemption or waiver from compliance with these Guidelines, subject to Section 210 of the Act.

Where any doubt arises about the meaning of any provision contained in these Guidelines and any other Guideline issued by the Commission, the same shall be referred to the Commission and the interpretation provided by the Commission shall be final.

49. Interpretations

In these Guidelines, unless the context otherwise requires –

“Act” means the Securities Industry Act, 2016 (Act 929) or any amendment thereof;

"approved subordinated loan" means a subordinated loan obtained by a market operator approved as such by the Commission

"authorized financial institution" means a bank within the meaning of section 156 of the Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930) and includes any of its branches

"basic amount", in relation to a market operator, means 10% of the aggregate of its adjusted liabilities;

"clearing and settlement institutions" means a Corporation licensed by the Commission to provide depository and clearing services

"collateral", in relation to a market operator, means-

- (a) any listed shares;
- (b) any specified securities; or
- (c) any qualifying debt securities; which -
 - (i) are deposited as security by the market operator with another person; or
 - (ii) are deposited as security with the market operator by another person, and are unencumbered in its possession and readily realizable by it; or
 - (iii) are encumbered only by virtue of being lent, deposited or pledged by it with a clearing house or any of its clearing participants to secure its obligation to meet its clearing obligations or liabilities

“Commission” means the Securities and Exchange Commission established by the Act;

"derivative contract" means a contract for the exchange of a financial instrument whose characteristics and value are dependent on or derived from one or more underlying assets such as a commodity, bond, equity or currency.

"exchange member " means-

- (a) in relation to a licensed exchange company, a member of that exchange
- (b) in relation to a licensed exchange outside Ghana, and recognised by the Commission, a member who, in accordance with the Guidelines of the exchange, may trade through that exchange, and whose name is entered in a list, roll or register kept by the exchange as a member who may trade through that exchange;

"excluded liabilities" in relation to the on-balance sheet liabilities of a market operator, means amounts payable to clients in respect of client money held by it in a segregated account with a recognized clearing and settlement institutions and authorized financial institutions;

"floating losses" means unrealized losses calculated by marking to market an open position in-

- (a) any securities;
- (b) a derivative contract;
- (c) a foreign exchange agreement; or
- (d) an interest rate swap agreement;

"floating profits" means unrealized profits calculated by marking to market an open position in-

- (a) any securities;
- (b) a derivative contract;
- (c) a foreign exchange agreement; or
- (d) an interest rate swap agreement;

"foreign currency", in relation to a market operator, means any currency other than its reporting currency;

"haircut amount" -

- (a) in relation to any shares that are listed in Ghana, and specified in column 2 of Table 1 in Schedule 2 means an amount derived by multiplying the market value of the shares by the haircut percentage (column 3) in relation to such shares;
- (b) in relation to any shares that are listed in foreign markets, and specified in column 2 of Table 2 in Schedule 2 means an amount derived by multiplying the market value of the shares by the haircut percentage (column 3) in relation to such shares;
- (c) in relation to qualifying debt securities, and specified in column 2 of Table 3 in Schedule 2 means an amount derived by multiplying the market value of the qualifying debt securities by the haircut percentage (column 3) in relation to such qualifying debt securities as well as the haircut for term to maturity specified in Table 4.
- (d) in relation to specified securities, and specified in column 2 of Table 5 in Schedule 2 means an amount derived by multiplying the market value of the specified securities by the haircut percentage (column 3) in relation to such specified securities;
- (e) in relation to special debt securities, and specified in column 2 of Table 6 in Schedule 2 means an amount derived by multiplying the market value of the special debt securities by the haircut percentage (column 3) in relation to such special debt securities.
- (f) in relation to other assets, and specified in column 2 of Table 7 in Schedule 2 means an amount derived by multiplying the value of the relevant other assets by the haircut percentage (column 4) in relation to such special debt securities.

"haircut percentage"

- (a) in relation to any shares that are listed in Ghana, means the percentage specified in column 3 of Table 1 of Schedule 2;
- (b) in relation to any shares that are listed in foreign markets, means the percentage specified in column 3 of Table 2 of Schedule 2;
- (c) in relation to qualifying debt securities, means the aggregate of-
 - a. the percentage specified in (column 3) Table 3 in Schedule 2 opposite the applicable description set out in the Table; and
 - b. the percentage specified in Table 4 of Schedule 2 opposite the applicable description set out in the Table;
- (d) in relation to other assets, means the percentage specified in column 4 of Table 7 of Schedule 2

"interest rate swap agreement" means an agreement whereby the parties to the agreement agree to exchange a series of interest payments over time;

"liquid capital", in relation to a market operator, means the amount by which its liquid assets exceed its ranking liabilities;

"listed", in relation to securities, means listed or traded on any exchange;

"market operator" has the meaning given in the Act

"marking to market" means the method or procedure of adjusting the valuation of an open position in-

- (a) any securities;
- (b) a derivative contract;
- (c) a foreign exchange agreement; or
- (d) an interest rate swap agreement, to reflect its current market value;

"money" includes any form of money, whether represented by a cheque or other payment order, or otherwise;

"mutual fund", has the meaning given in the Act

"off-exchange traded derivative contracts" means derivative contracts which are traded other than on an exchange;

"omnibus account", means an account used by an introducing market operator to execute and clear all of their customers' trades through one account at the clearing broker dealer.

"qualifying debt securities" means-

debenture stock, loan stock, debentures, bonds, notes and any securities or other instruments acknowledging, evidencing or creating indebtedness-

- (a) which are issued or guaranteed by-
 - a. the Government; or
 - b. Bank of Ghana;
- (b) which are listed on a recognized securities exchange ;
but does not include-
 - i. any I-owe-you; and
 - ii. any securities or any instrument acknowledging, evidencing or creating a subordinated loan or a debt due from a corporation within a group of companies of which the holder of the securities or instrument is a member; or
 - iii. certificates of deposit issued by an authorized financial institution or an approved bank incorporated outside Ghana;

"ranking liabilities" in relation to a market operator, means the aggregate of the amounts required to be included in its liabilities under sections 29 to 41 of these Guidelines;

"redeemable shares" means shares in the share capital of a corporation which are redeemable at the option of the holder of the shares or the corporation;

"regulated activity" means a securities activity licensed or regulated by the Commission.

"reporting currency" in relation to a market operator, means the currency in which its financial statements, required under the Act, any Guidelines made thereunder, Conduct of Business Guidelines or any other law Guidelines to be submitted to the Commission, are denominated, or intended to be denominated;

"repurchase transaction" means a transaction under which there is a sale of securities and a further arrangement obliging the seller of the securities to repurchase from the purchaser, or obliging the purchaser to resell to the seller, securities of the same description as the securities first sold, at a pre-determined consideration and date;

"required liquid capital", in relation to a market operator, means an amount equal to the higher of- where it is-

- (a) licensed for only one regulated activity specified in column 1 of Table 2 in Schedule 1, the amount specified in column 2 of the Table opposite the regulated activity or, where any further description is set out for the regulated activity in column 1 of the Table, opposite the applicable description; or
- (b) licensed for 2 or more regulated activities specified in column 1 of the Table, the amount which is the higher or highest upon comparing each amount specified in column 2 of the Table opposite any of such regulated activities or, where any further description is set out for any of such activities in column 1 of the Table, opposite any of such activities or any of the applicable descriptions; and
- (c) its variable required liquid capital;

"required liquid capital deficit", in relation to a market operator, means the amount by which its required liquid capital exceeds its liquid capital;

"Guidelines"

- (a) in relation to an exchange, includes its Guidelines and any rules, guidelines or directives , by whatever name they may be called and wherever contained, governing-
 - i. its exchange members ;
 - ii. the persons who may participate in any of the services it provides or trade on it;
 - iii. the setting and levying of fees;
 - iv. the listing of securities;
 - v. the trading of securities, through or on it;
 - vi. the provision of other services; or
 - vii. generally, its management, operations or procedures; or
- (b) in relation to a clearing house, includes its Guidelines and any rules, guidelines or directives , by whatever name they may be called and wherever contained, governing-
 - i. its clearing participants;
 - ii. the persons who may participate in any of the services it provides;
 - iii. setting and levying of fees;
 - iv. the clearing and settlement of transactions, whether or not executed on an exchange, of which it is the clearing house;
 - v. the imposition of margin requirements and matters pertaining to the deposit or collection of margin;
 - vi. the manner of making and receiving payment of monies in respect of the provision by it of any service, including the setting-off of such amounts receivable and amounts payable to it;
 - vii. the provision of other services; or
 - viii. generally, its management, operations or procedures;

"securities dealer" means-

- (a) a person licensed, registered or authorized under the Act to deal in securities in Ghana.
; or
- (b) a person licensed, registered or authorized by an Authority or Commission or regulatory organization outside Ghana for an activity which, if carried on in Ghana, would constitute Dealing under the Act;

"segregated account" means-

- (a) a segregated account within the meaning of the Conduct of Business Guidelines; or
- (b) an account for holding clients' monies which is separate from a market operator's own account.

"settlement date", in relation to any dealing in securities, means-

- (a) in the case of a transaction effected on an exchange, the date on which payment for the securities is first due in accordance with the Guidelines or conventions of the exchange on which the securities are traded; or
- (b) in any other case, the date on which payment for the securities is first due as agreed between the parties to the transaction,
- (c) but in either case, the date not exceeding 3 business days after the trade date;

"short selling" means a sale of securities where at the time of the sale-

- a. the seller has a presently exercisable and unconditional right to vest the securities in the purchaser by virtue of having entered into a securities borrowing and lending agreement;
- b. or any other type of short selling that the Commission may prescribe

"special debt securities" means indexed bonds, convertible debt securities, bonds with non-detachable warrants and non-interest bearing debt securities-

- (a) which are issued or guaranteed by-
 - (i) the Government; or
 - (ii) Bank of Ghana;
- (b) which are listed on a recognized securities exchange but does not include-
 - i. any I-owe-you; and
 - ii. any securities or any instrument acknowledging, evidencing or creating a subordinated loan or a debt due from a corporation within a group of companies of which the holder of the securities or instrument is a member; or
 - iii. certificates of deposit issued by an authorized financial institution or an approved bank incorporated outside Ghana;

"specified securities" means the securities specified in Table 6 of Schedule 2;

"standby subordinated loan facility" means a loan facility provided to a market operator under which the lender's claim in respect of any drawdown by the market operator is subordinated to the prior payment, or provision for payment, in full of all claims of all other present and future creditors of the market operator;

"subordinated loan", means a loan provided to a person under which the lender's claim in respect of the loan is subordinated to the prior payment, or provision for payment, in full of all claims of all other present and future creditors of the person;

"trade date", in relation to a transaction in-

- (a) any securities;
- (b) a derivative contract;
- (c) a foreign exchange agreement; or
- (d) an interest rate swap agreement; means-

- i. in the case of a transaction on any exchange, the date on which the transaction is executed; or
- ii. in any other case, the date on which the agreement between the parties is made;

"unit trust" as defined in the Act

"variable required liquid capital", in relation to a market operator means the sum of the basic amount and 2.0% of its aggregate gross foreign currency position;

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FINANCIAL RESOURCES REQUIREMENTS

Schedule 1

TABLE 1

REQUIRED LIQUID CAPITAL

Column 1	Column 2
Regulated Activity	Minimum Amount of Required Liquid Capital (GHC)
Securities exchange	5,000,000
Broker dealer	750,000
Margin trader	1,000,000
Market maker	1,500,000
Trustee	12,500,000
Custodian	15,000,000
Securities depository	15,000,000
Clearing house	15,000,000
Registrar	250,000
Underwriter	1,875,000
Issuing house	250,000
Investment advisor (corporate)	250,000
Investment advisor (individual)	100,000
Fund manager	1,000,000
Credit rating agency	250,000
Primary dealer	200,000,000
Nominee	500,000

Schedule: 2

HAIRCUT PERCENTAGES

TABLE 1

HAIRCUT PERCENTAGES FOR SHARES LISTED IN GHANA FOR THE PURPOSES OF THESE GUIDELINES

Column 1	Column 2	Column 3
Item	Description	Haircut Percentage %
1.	Shares which are listed on a recognized stock market;	
(a)	being a constituent of the GSE Composite Index and not suspended from trading	25
(b)	being a constituent of the GSE's Financial Stock Index	15

(c)	being any share not referred to in paragraph (a) or (b)	50
2.	Shares which are listed on a recognized stock market but are not stratified according to stock indices	50

TABLE 2

HAIRCUT PERCENTAGES FOR SHARES LISTED ON EXCHANGES IN FOREIGN MARKETS

Column 1 Item	Column 2 Description	Column 3 Haircut Percentage %
1.	Shares which are listed on a specified exchange;	
(a)	being a constituent of the Morgan Stanley Capital Index (MSCI) World Index; or	15
(b)	being a constituent of the MSCI Emerging Markets Index; or	20
(c)	being a constituent of the MSCI Frontier Markets Index; or	30
(d).	being a constituent of the MSCI Standalone Markets Index	50
4.	Share listed on a specified exchange but not referred to Table 1 (a) – (d) above	65

TABLE 3

HAIRCUT PERCENTAGES FOR QUALIFYING DEBT SECURITIES, BY ISSUER OR GUARANTOR, ETC.

Column 1 Tier	Column 2 Description	Column 3 Haircut Percentage %
1.	Where the issuer or guarantor of the qualifying debt securities;	
	(a) is the Government	
	i. Treasury bill	5
	ii. Bonds	10
	(b) is the Bank of Ghana; or	0
	(c) has an issue or issues currently rated by-	5

	(i) Moody's Investors Service at Aaa or Prime-1; or (ii) Standard & Poor's Corporation at AAA or A-1; or (iii) Fitch's at F1+ or F1 (iii) by a rating service the Commission deems equivalent to (i) or (ii)	
2.	Where the qualifying debt securities are any certificate of deposit, the issuer of which is an authorized financial institution or an approved bank incorporated outside Ghana	10
3.	To the extent not already covered in Tier 1 or Tier 2; where the qualifying debt securities are listed on a recognized securities exchange	15
4.	To the extent not already covered in Tier 1, Tier 2 or Tier 3	20

TABLE 4

HAIRCUT PERCENTAGES FOR QUALIFYING DEBT SECURITIES, BY REMAINING TERM TO MATURITY

Column 1	Column 2
Remaining term to maturity	Qualifying debt securities Haircut Percentage %
(a) Less than 1 year	2.5
(b) 1 year to less than 3 years	5
(c) 3 years to less than 5 years	7
(d) 5 years to less than 10 years	10
(e) 10 years or more	12

TABLE 5

HAIRCUT PERCENTAGES FOR SPECIFIED SECURITIES

Column 1	Column 2	Column 3
Item	Description	Haircut Percentage
1.	Specified securities being warrants listed on a recognised exchange	100%
2.	Specified securities being equity linked instruments	same as that applicable to the underlying securities
3.	Specified securities being units in any unit trust or shares in any mutual fund or Collective Investment Scheme	15%

4.	Specified securities being units in any unit trust or shares in any mutual fund or Collective Investment Scheme where the Market operator is associated with it	25%
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TABLE 6

HAIRCUT PERCENTAGES FOR SPECIAL DEBT SECURITIES

Column 1 Item	Column 2 Description	Column 3 Haircut Percentage
1.	Special debt securities being indexed bonds, convertible debt securities, bonds with non-detachable warrants and non-interest-bearing debt securities which are issued or guaranteed by- (i) the Government ; or (ii) Bank of Ghana;	10%
2.	Special debt securities being indexed bonds, convertible debt securities, bonds with non-detachable warrants and non-interest-bearing debt securities which are listed on a recognised securities exchange	50%

TABLE 7

HAIRCUT PERCENTAGES FOR OTHER ASSETS

Item	Assets	Balance sheet	Haircut	Liquid capital computation
5	Bank balances	(A)	(B)	C = A * B
	Cash in Hand	0	0.0%	0
	Cash at Bank in Company's account	0	0.0%	0
	Cash at Bank accounts for clients (Trust Account)	0	0.0%	0
	Cash deposits with Ghana Stock Exchange	0	100.0%	0
	Client Monies held at CSD	0	0.0%	0
	Cash deposits with SEC	0	100.0%	0
	Cash at Bank – call account and short-term deposits	0	0.0%	0
6	Amounts receivable from exchange and clearing houses	0		
	GSE	0	25.0%	0
	CSD	0	100.0%	0
	Other Clearinghouses	0	100.0%	0
7	Amounts Receivable Securities Trading	0		
	Amount receivable from clients T15 days	0	0.0%	0

	Amount receivable from clients >T+15 <T+30 days	0	15.0%	0
	Amount receivable from clients >T+ 30	0	50.0%	0
	Amount receivable from agents	0	100.0%	0
	Securities purchased for clients	0	100.0%	0
	Amounts receivable from clients for subs of securities - IPOs	0	100.0%	0
8	Amounts receivable from securities dealers arising from dealing in securities	0	0.0%	0
9	Amounts receivable arising from Securities borrowing and Lending Agreements	0	0.0%	0
10	Amounts receivable from margin clients (Note 5)	0		0
11	Amounts provided or receivable to support Repos and Short Selling	0	0.0%	0
12	Proprietary positions in securities and specified investments (Composite of Tables 1 to 6 of Schedule 2)	0		0
13	Proprietary positions in Derivatives	0		0
	Spare Account	0	100.0%	0
14	Current Portion Lending Products (after DD reserves)			
	Hire purchase	0	100.0%	0
	Leasing	0	100.0%	0
	Property and Other finance provided	0	100.0%	0
	Spare	0	100.0%	0
15	Other assets arising from	0		
	Prepaid expenses, security deposits and Advisory fees which are repayable within three months	0	5.0%	0
	Prepaid expenses, security deposits and Advisory fees which are older than three months	0	100.0%	0
	Own subscriptions in IPOs	0	50.0%	0
16	Investments in Associated undertakings			
	Subsidiaries	0	100.0%	0
	Associated Companies	0	100.0%	0
	Directors & Staff	0	100.0%	0
	Other associated persons or entities	0	100.0%	0
17	Other Spare Account	0	50.0%	0
18	Other Spare Account	0	100.0%	0
19	Total liquid assets			0
20	Fixed assets (after Deprec.)	0	100.0%	0
21	Long Term Portion Lending Products (after DD reserves)			
	Hire purchase	0	100.0%	0
	Leasing	0	100.0%	0
	Property and Other finance provided	0	100.0%	0
22	Intangible Assets			
	GSE Rights	0	100.0%	0
	Goodwill, Patents and other Intangible Assets	0	100.0%	0
	Deferred Cost expenditure	0	100.0%	0
	Deferred Tax and current tax recoverable	0	100.0%	0
23	Long Term Finance Provided			
24	Long Term Assets			
	Long term asset- unquoted equity investment	0	100.0%	0
	Long Term Investments	0	100.0%	0

25	Long Term Prepayments & Deposits	0	100.0%	0
	Other	0	100.0%	0
	Total assets			

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