



CIRCULAR NO. 004/2020

CIRCULAR TO LICENSED DEALING MEMBERS (LDMs)

AMENDMENT TO THE RULES ON PRICE MOVEMENT IN THE GSE TRADING RULES

The Ghana Stock Exchange has, with the approval of the Securities and Exchange Commission, amended its rules on price movement. The amended rules are stated in Rule 30 of the newly approved Trading Rules and replace Rule 22 of the GSE Automated Trading System (GATS) Rules. The amended rules are as follows:

30. Price Movement

- (1) For a security whose price is GH¢0.10 or above, the price change on a trading day shall not exceed plus or minus ten percent (10%) of the previous day's closing price for the security.*
- (2) For a security whose price is GH¢10.00 and above, the price may only change with a minimum volume of 500 shares.*
- (3) For a security whose price is below GH¢10.00, but greater than or equal to GH¢1.00, the price may only change with a minimum volume of 1000 shares.*
- (4) For a security whose price is less than GH¢1.00, the price may only change with a minimum volume of 2000 shares.*
- (5) Notwithstanding Rule 30(4) above, the price change on a trading day for a security whose price is below GH¢0.10 shall not exceed the previous day's closing price of the security by "a tick" of GH¢0.01.*
- (6) This Rule 30 shall not apply to Negotiated Trades.*

With the new rules, the volume of shares which can influence price movement has been grouped into three (3) clusters, namely:

Cluster/Group	Price Band in GHS	Minimum Quantity of Shares	Sampled Symbols
A	≥10	500	SCB
B	1 ≤ Price < 10	1,000	GCB, FML, EGH
C	<1	2,000	CAL, MTNGH

Explanation of the groupings:

1. Cluster 1: A share price with VWAP of GHS 10 or above can be changed with a volume of 500 shares;
2. Cluster 2: A share price with VWAP of above or equal to GHS 1 but below GHS 10 can be changed with a volume of 1,000 shares; and
3. Cluster 3: A share price with VWAP below GHS 1 can be changed with a volume of 2,000 shares.
4. The price change at a trading day for a security whose price is below GH¢0.10 shall not exceed the previous day's closing price for the security by "a tick" of GH¢0.01.

The Exchange and the vendors of the Capizar EasyTrade trading system are currently working on the algorithms for the new rules in the trading system. Until this is completed, the Exchange directs Licensed Dealing Members to, with effect from **June 15, 2020**, apply the following to trades:

1. Only orders equal or above the designated threshold for each cluster can change price within the price band of +/- 10% of the previous day's price or VWAP; and
2. Order volumes below the designated threshold in each cluster are to be priced at the current market price of that security.

LDMs are also advised to inform their clients of the directives. LDMs who fail to abide by the above directives shall be sanctioned.

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Distribution:

All LDMs

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