



SUMMARY OF USE RULES AMENDMENTS- 2021

INSPIRING **GROWTH.**



USE LISTING RULES 2003 AMENDMENTS

INSPIRING **GROWTH.**



Rule 20 (2) and (3)- listing by introduction

Introduction of eligibility requirements ,continuing obligations and procedure for listing by Introduction under Appendix I (b)

Rule 33(b) –Timeline within which to achieve 20% float threshold

Where a waiver is granted by the Exchange in respect of Rule 33(7) the waiver period is capped to 3 years

Rule 40 (3) –Profit warning

Instances where a listed company Issues:

- Movement from Profit to loss
- Consecutive loss
- Declined performance of more than 25%

Timing: 30 days from the end of Issuers financial year

New Definitions Rule 1

“Board” means the Board of USE

“Trading Participant” means a licensed broker admitted by the USE under the rules

“Sponsoring broker” means a trading participant appointed by an Issuer as a sponsoring broker during an IPO

Rule 17(1) (f) Cross-listed company float

Float must be deemed reasonable to support market liquidity and agreed by the Exchange



Part II Rule 3- Listing and Membership Committee

OLD RULE: Council to constitute a listing Committee, direct on composition and quorum.

Constitution of Board Committees, delegation of power is now a preserve of the MEMARTS and this matters of composition, quorum e.t.c are adequately provided for under the Board charter

Deleted Definitions Rule 1

“Member” refers to body corporate admitted to the membership of the USE

Schedule 8- Fees

Schedule was effectively repealed by the USE Fees, Charges and Penalties Rules 2012

Schedule 9- Penalties

Schedule was effectively repealed by the USE Fees, Charges and Penalties Rules 2012



Definitions Rule 1

“Broker” – Body corporate

“Committee” – means a committee constituted by the Board not Governing council

Part III- Listing Committee,

Title replaced with Listing ,Suspension and Delisting of Securities

“Committee” replaced with the Exchange

Rule 32 (5)- Appeal Process rejection of a listing application

Any person aggrieved by the decision of the Exchange shall appeal to CMA old process from Committee to governing council to Authority

Rule 33(7) Minimum number of public shareholders

Decreased From 1000 to 500

Appendix IV- Continuing Obligations

Payment of Dividend Rule 2(2) – 21 days from 90 days (align with Rule 43(5))

Publishing Interim Accounts Rule 2(19) -3 months from 2 months (align with Rule 44)

Distribution of Final Audited Accounts Rule 2(31)- 04 months from 06 months (align with Rule 47)



USE RULES 2003 AMENDMENTS

INSPIRING **GROWTH.**



Rule 1 - Application

New citation – Trading Participant Rules

Purpose- set eligibility criteria, standards of business conduct and continuing obligations of a trading participant

Scope- binding and enforceable on all trading participants and their employees

Rule 2 – New Definitions

“SCD”

“Trading Participant”

Sanction and Penalties

Define acts of misconduct

Provide a range of Non monetary sanctions

Provide clear investigation and appeal process before sanction

Rule 3-Eligibility to be Trading Participant

Where a waiver is granted by the Exchange in respect of Rule 33(7) the waiver period is capped to 3 years

Day to day Management of Trading & delivery

state general oversight role of Exchange as stated under CMA SI 84 -3

Liability of the Exchange

Exclusion of liability against USE Directors & Staff for bonafide acts carried out in enforcement of Rules

Dispute Resolution between trading participants

Clear levels of escalation: amicable resolution
Exchange management to Board
(timely, impartial fair hearing)

NEW RULES



Revocation of Admission of a trading Participant

Provide for circumstances under which one ceases to be a member
Voluntary and Non voluntary

Cessation of admission as a trading participant

Role and Responsibility of the Exchange and the exiting broker

Suspension of trading rights (new sanction)

Public notification, specific performance, right of appeal
Exchange to put in place interim measures to safeguard investors/client interest

Transfer of Clients- cessation of Business/ exiting brokers

Voluntary – plan with Exchange no objection
Involuntary- Exchange put in place measures

New Interpretations –Rule 2

“Trading Participant” means a licensed broker admitted by the USE under the rules



Chapter 2- Management

Covering Governing Council, Committees and their proceedings, CEO, Staff and Management
All Governance matters are prescribed under the MEMARTS, Board Charter Matters related to Staff Conduct –HR Manual

Requirement to furnish a Bank guarantee for new Trading participants

Replaced with initial contribution to guarantee fund under guarantee fund Rules

Rule 14 (2) & 3

No member is eligible for election to the governing council
Only an Executive Director or their agent may act as corporate representative at an AGM

Rule 15 (11) Requirement for traders to pass examination before approval

Continuous training, is applied induction – no entry exam is applied

Floor trader, Floor trading “trader” and “trading”

Rule 15(14) Floor trader levy

Entrance and yearly fee payable by traders –never stipulated under fees not applied

Rule 15(22) Agency Agreement for brokers authorized representative

Various documents legally acceptable to demonstrate representative authority or reflect ostensible authority

DELETIONS



Chapter 4- Trading Rules (18-25)

Chapter 4 was repealed by Equity Trading Rules 2015 and FISMS trading Rules 2016

Chapter 5 –Settlement (55-71)

Repealed with the coming into force of the SCD Rules 2009 and Operating Procedures 2015

Chapter 6 Trading of Rights Ex or cum dividend (72&73)

Transferred to Trading Rules as they relate to trading activities (Update to t+3 cycle)

Chapter 7- Buying in & Selling Out

Transferred to Trading Rules and referenced in SCD Rules

Chapter 8 –Transfers Rule (80-85)

Transferred to Trading Rules with expanded categories

Chapter 11- Investor Compensation Fund

Established under the CMA Act – defined under fees Rules

Appendices

4- Fees and Charges

5- Brokerage Fees & commissions

Repealed by the USE Fees Charges and Penalties Rules 2012

6 –Form of Bank Guarantee

Deleted Definitions Rule 1

“Member” refers to body corporate admitted to the membership of the USE
All non applicable definitions arising from transfer & repeal of chapters 4,5,6,7,8



Rule 87 –Rebate Cap

From 25% to 50% -previously approved by CMA

Rule 114- General Penalty for non compliance

From 3.75 currency points to 500 currency points max.

Rule 31- Disclosure of material information

Specify material information- changes in management & Key personnel, ownership, office location, resolution to reduce in share capital, new business (non-brokerage)

Chapter 7- Buying in & Selling Out

Transferred to Trading Rules and referenced in SCD Rules

Rule 111 –Placing orders

From Trading floor to “in the manner prescribed under the Trading Rules)

General variation

“Member”-trading participant
“broker/dealer”- trading participant
“Floor trader” – Trader
“Floor trading” - Trading

Chapter 3

Titled :Admission of trading Participant from “Membership”

Appendices

1-Application
2-Application Questionnaire – enhanced KYC
7- Code of Ethics- dispute resolution deleted and created as a new Rule



TRADING RULES

INSPIRING **GROWTH.**



Rule 34(11)

Input of order in ATS considered primary mode of exposure of offer to market

Rule 15(2)

Discounted or appreciated price of +/- 25% reference price to be subject to approval of the Exchange

Trade Amendments

Rule 21 (3) Exchange discretion to approve request for trade cancellation

Rule 38(4)

Requirement not abuse lifting of limits

Rule 21(2)

market interest shall be paramount in considering request for trade correction

Rule 38(5)

Grant of power to freeze or cancel trade where it is deemed that the limits have been abused



Insert Rules transferred from USE Rules 2003

(Chpt 6 Rules 72-73)- Trading Rights Ex or cum basis with change to T+3 cycle
(Chpt 7 Rules 74-79) Buying in and selling out with change to T+3 settlement cycle

(Chpt 8 Rules 80- 85) & Definition of Private Transfer

Transfers with following additional categories

- a. From nominee account to underlying beneficiary
- b. From in trust account minor to underlying beneficiary (when adult)
- c. From appointed Trustee to beneficiary
- d. From ESOP to beneficiary employee

Defined “close relation” – parent ,sibling, child (including adopted) spouse ,grandparent

Contract Notes 98 (1)-(3) – Transfer Rules on contract not issuance and add following subrule

Penalty for failure to issue contract note liable to forfeit commission earned on transaction and or any other sanction prescribed under these Rules

DELETIONS

**Rule 5 I- An Issuer to
release an announcement
within 24 hrs**

Catered for under listing
Rules

Rule 49(2)

Disaster Recovery Plan
DRP &BCP matter of Internal
Policy

VARIATIONS



General variation

“Member”-trading participant

“broker/dealer”- trading participant

“Floor trader” – Trader

“Floor trading” – Trading

“Governing Council” – the Exchange or the
Board



NEW RULES – related to FISMS

**Participating in
Government Securities
Auctions through the
Exchange**

Per approved guidelines

**Secondary Trading
Government Securities**

Per approved guidelines



USE FEES & PENALTIES

INSPIRING **GROWTH.**

NEW



FEES	AMOUNT
De-listing (MIMS)	0.01% of value of securities to be delisted capped at 5,000 currency points
De-listing (GEMS)	0.02% of securities to be delisted capped at 2,500 currency points
Initial listing Fees Listing by Introduction	0.2% of value of securities to be listed Min 200 –Max 12,500 currency points
Application to List- listing by introduction	250 currency points
IPO Processing	5,000 per shareholder borne by investor
Listing Fees Treasury Bills	91 day Bill 0.1 % of the value of the securities subject to a max of 125 currency points 182 day Bill 0.1 % of the value of the securities subject to max of 250 currency points 364 day Bill 0.1 % of the value of the securities subject to a max.of 375 currency points

INCREASMENTS



FEES	CURRENT AMOUNT	NEW AMOUNT
Initial listing fees (MIMS)	0.2% of value of securities min 200 –max 40,000	0.2% of value of securities min 200 –max 50,000
Annual listing fees	Min 200	Min 1000
SCD Agent fee	50	250 (non trading participants)
SCD Annual subscription	50	125
Security withdrawal fee	0.75	0.75 per certificate
Private Transfer fees	10% of brokerage commission (25% of usual commission)	15% of brokerage commission

INCREASMENTS – Govt securities



FEES	CURRENT AMOUNT	NEW AMOUNT
Initial listing fees	0.1% of value of securities min 250 –max 500	0.1% of value of securities min 250 –max 750
Re-opening	0.1% of value of securities min 250 –max 500	0.1% of value of securities min 250 –max 740
Annual listing fees	0.025% of market capitalization with min .250	0.25% of outstanding market cap min.500 max 1000



REDUCTIONS & OTHERS

FEES	CURRENT AMOUNT	NEW AMOUNT
Additional listing (MIMS)	Bonus Issue Max 7,500 Rights Issue Max 2,500	0.1% of value of securities min 250 –max 750
Listing Fees GEMS	Rights Issue Min 50- Max 500	0.1% of value of securities min 200 –Max 500
Additional listing (GEMS)	Bonus Issue Max	0.25% of outstanding market cap min.500 max 1000
Cross listed	Local float = to or more than USD 5 Million 0.00625% subject to min of 500	Local float = to or more than USD 1 Million 0.00625% min 500 max 12500
Cross listed Annual listing fees	No float 0.025% full market capitalisation	For EAC Companies -0.025% of market capitalisation subject to Min 1000 max 3750



Thank You

INSPIRING GROWTH.