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Ethiopian Securities
Exchange

Notice of Amendment to the ESX Rules and Procedures of the Over-the-Counter (OTC) Market

The Ethiopian Securities Exchange (ESX) hereby informs market participants, issuers, investors, and the general public that amendments have been made to the ESX Rules and Procedures of the Over-the-Counter (OTC) Market (commonly referred to as the ESX Unlisted Securities Rules or Rules). The amendments have been approved by the Ethiopian Capital Market Authority (ECMA) and shall take effect immediately.

The ESX OTC Market operates pursuant to a license issued by ECMA and provides a platform for the admission and trading of securities that may not meet the listing requirements of the Main Market or that elect to trade on the OTC Market.

The amendments were introduced to provide clarity regarding the admission of securities, issuer obligations, requirements for trading participants, and market oversight mechanisms. As part of the revised framework, issuers seeking to trade their securities on the OTC Market will now be required to submit a formal application for admission to the market. This is intended to ensure appropriate regulatory oversight, promote transparency for investors, and support the orderly development of the OTC Market.

The key amendments include the following:

- 1. Participation of Banks and Pension Funds in the OTC Debt Market:** ECMA has permitted banks licensed by the National Bank of Ethiopia (NBE) and pension funds to participate in the OTC debt market as dealing participants without the requirement to obtain a capital market service provider license, subject to authorization by ECMA. In line with this regulatory development, the amended Rules introduce provisions governing the admission of banks and pension funds to the market, as well as their continuing obligations following admission.
- 2. Admission Requirements and Ongoing Obligations:** The amended Rules provide additional clarity regarding the documentation and requirements applicable for the admission of securities to the OTC Market. They also set out the continuing obligations applicable to issuers whose securities are admitted for trading on the OTC Market. These measures are intended to enhance transparency and ensure that investors have access to relevant information regarding issuers participating in the OTC Market.
- 3. Suspension and Enforcement Measures:** The amended Rules introduce enhanced provisions relating to non-compliance by admitted companies. The amendments clearly set out the measures that may be taken in cases of non-compliance and define the respective roles and decision-making powers of the Exchange's organs in enforcing such measures, including suspension-related actions where necessary.
- 4. Removal of Block Trade Provisions:** The previous provisions regulating block trade under the former ESX Unlisted Securities Rules have been removed. Given that the OTC Market does not operate with price limits or circuit breakers, provisions in relation to block trade are no longer necessary.
- 5. Miscellaneous and Technical Amendments:** Additional amendments have been made to definitions, terminology, and drafting throughout the Rules to ensure consistency, clarity, and alignment across the Rules.