

SECURITIES & EXCHANGE
COMMISSION GHANA



Annual Report
& Financial Statements
2010

*Annual
Report* & *Financial Statements*

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CHAIRMAN'S STATEMENT



On behalf of the Securities and Exchange Commission (SEC) and in accordance

with section 7 of the Securities Industry Act, 1993 as amended (PNDC1333), I forward herein a report on the activities, future plans and audited accounts of the Securities and Exchange Commission for the 2010 reporting year.

Economic Environment

The year 2010 was characterized by a gradual recovery of the world's economies from the global recession of 2008-2009. The recovery was led by emerging and developing economies which recorded higher growth rates than their advanced counterparts, many of whom still grappled with sluggish growth and high rates of unemployment. According to the IMF's projections for 2010, global output was expected to expand by 4.8%, with developed economies averaging a growth rate of 2.7% and emerging and developing economies averaging 7.1%.

On the local front, Ghana enjoyed an improved macro-economic environment in 2010. The prudent management of the economy by government resulted in a commendable downward trend in inflation for eighteen (18) consecutive months, from 20.74% in June 2009 to 8.58% in December 2010. Interest rates fell consistently from 21.3% on the benchmark 91-day Treasury bill at the beginning of the year to 12.3% at the end of the year. Bank lending rates averaged 23% per annum at year end.

The Cedi also performed much better against the world's major currencies, depreciating only marginally by 0.31% against the US dollar, but strengthening against the Euro and the Pound Sterling. Gross Domestic Product (GDP) which was projected to grow at 5.9% in 2010 registered an actual growth of 6.6% at year end, according to provisional figures released by the Ghana Statistical Service.

In addition, the country witnessed two major economic developments during the year. First, was the rebasing of its GDP which now makes Ghana a lower middle-income

nation, and second was the commencement of the production of crude oil in commercial quantities from the Jubilee Field.

Ghana's capital market was not left out. The market enjoyed a vibrant year, bouncing back with a much more positive outcome after the unimpressive performance of the previous year. The GSE All-share index rose steadily from 5,572.34 points at the end of 2009 to 7,369.21 points at the end of 2010, representing a gain of over 32%. This gain was well above the 12.3% interest equivalent on 91-day Treasury bills. The Ghana Stock Exchange (GSE) also celebrated its 20th year of operation and was adjudged the "Most Innovative African Stock Exchange for 2010" by the Africa investor (Ai).

Our Achievement

In the past year, the SEC was active in imposing rigorous supervision measures to ensure that the integrity of the market and investor confidence were maintained. Acting on market surveillance investigative reports, the SEC issued two main circulars regarding the residence status of Investment Advisers and Broker Dealer Representatives, as well as activities involving investments in 'commercial paper'.

On the operational front, the number of applications for various licensing categories increased by approximately 54% with the largest number of applicants being applicants for Investment Advisers licenses. In total, 25 new licenses were approved for collective investment schemes, investment advisors, custodians and trustees. In the primary market, the Commission approved five issues made up of a private placement, rights issues and initial public offerings.

The Commission also continued its routine on-site inspections to review, among other things, operators' compliance with the Rules and Regulations governing the securities industry. Notwithstanding the increase in the number of licensed operators from eighty-six (86) to one hundred and eleven (111), on-site inspections were conducted on thirty-two (32) companies while off-site review of submitted returns was done for all market operators.

The Commission instituted investigations into nine (9) major

complaints filed by investors and market operators in 2010. All complaints were successfully dealt with and those requiring the attention of the Attorney General's office were forwarded to that office.

To boost the work of the Commission to make Ghana a safe destination for investments, a new unit, the Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) Unit was established. The unit's primary role is to establish a regime to alter and detect all forms of money laundering and terrorism financing activities in the capital market. The unit is expected to develop AML/CFT guidelines for licensed market operators and ensure that all accountable institutions have AML/CFT programs.

Given the increasing numbers of applicants for fund management activities and collective investment schemes, the Commission was reorganized and a dedicated Investment Management Department set up to supervise the growing number of operators in this market segment.

Market Development

The SEC has also been active in nurturing the development of a healthy capital market in Ghana. In 2010, the Commission continued with its market development initiatives aimed at deepening the capital market. Notable amongst these were the Review and Amendment of the Securities Industry Act, 1993 as amended (PNDCL333). This is aimed at ensuring that the Securities Industry Law in Ghana is up-to-date with international standards and best practice. The Bill which is currently in draft is expected, to inter alia, ensure compliance with the IOSCO principles in order to meet IOSCO MMOU qualification requirements to attain a signatory 'A' status.

International Cooperation

We, at SEC have always been committed to advancing international cooperation and integration. This year, in discharging our role within the international/ regional community, the SEC hosted the 24th IOSCO Africa - Middle East Regional Committee Meeting in Accra. The meeting, which was under the theme 'Information and Development of Capital Market in an Emerging Economy', was attended by representatives from twelve (12) countries within the Africa and Middle East Region, as well as the Secretary General of IOSCO. The Commission also participated in a series of meetings on regional integration and the combating of financial crimes within the West African region.

Capacity Building

Being aware of the value of training and upgrading of staff capacity in a dynamic securities industry, the SEC consistently places emphasis on training of its staff both locally and abroad. However, the Commission once again relied heavily on government subvention to be able to do this. We hope that in the coming years the capital market would witness momentous growth in its activities to enable the Commission rely less on government funding to execute its activities. The above notwithstanding we continue to be grateful to the Honourable Minister of Finance and Economic Planning and the Government as a whole for continuing to support the SEC.

Outlook for 2011

The outlook for Ghana's economy remains positive. Growth of the economy in the medium-term is expected to be more broad-based and driven by an expansion of the manufacturing, and oil and gas sectors. Expected increased activity in construction, mining, and public services should further fuel economic growth. Real GDP growth is projected to exceed 12 % in 2011.

While ABL and CFAO have delisted from the Ghana Stock Exchange, we expect a few more share listings including that of Tullow Oil Company Limited, one of the partners of the Jubilee Oil Fields. We also hope that some banks would turn to the capital market to raise the funds needed to meet their new capitalization requirements, as directed by the Bank of Ghana. We expect investor interest in the stock market to be sustained in 2011 given the improved performance of the market last year, and the fairly decent earnings posted by most of the listed companies.

One major development which is likely to impact the future demand for investment instruments on the market is the introduction of the new pension reforms. Under the National Pensions Act, 2008 Act 766, 18.5% of workers' basic salary (up from 17.5% under the old law) would become available for investing. The 3-tier design of the pension scheme also allows for more private participation and flexibility in how the funds are managed and distributed. Once the law becomes operational, it is expected that demand for stocks on the capital market will increase.

Government has also indicated its desire to introduce medium – long term bonds (5-year, 7-year and 10-year bonds) on the market, starting from 2011. If this is

accomplished, it would boost the supply of instruments on the market as well as develop our fledging bond market.

As regards the future, the Commission is undertaking a number of projects aimed at creating a more efficient and effective capital market regulatory framework for Ghana. The first of these projects is the formulation of a 5-year strategic plan which would serve as the roadmap for the development of the capital market in Ghana. We would be soliciting stakeholder input for this plan. We envisage that when implemented, the plan will enhance our capital market infrastructure and raise the level of investments in our securities market.

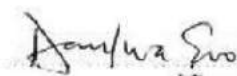
Secondly, the Commission is in the process of acquiring and installing an electronic surveillance system to match the electronic trading and settlement environment of our stock exchange. The system will include a web portal which will allow for electronic filing of reports, registrations, and complaints in the future. Key communications from SEC,

such as licensing and approvals would also be through the portal.

Our third project involves the establishment of a Securities Institute, Resource Centre and Library. The Institute will strengthen the capacity of capital market institutions and intermediaries through professional examinations and licensing regimes as well as continuous professional development programs. We look forward to another challenging and exciting year, and count on the collective efforts of management, staff and all related parties to achieve our goals for 2011.

Finally, on behalf of the Commission, I express my deep gratitude to the Director General, Management and staff, who have continued to show utmost dedication to the work of the Commission.

To my fellow Commissioners, I continue to pray for God's guidance with our work and may the good Lord enable us to offer our best to the Commission.



PROFESSOR E.V.O DANKWA
CHAIRMAN

1. Corporate Governance

The Securities and Exchange Commission (SEC) is the apex regulatory body of the capital market in Ghana. The mission of the SEC is to promote the orderly growth and development of an efficient, fair and transparent securities market in which investors and the integrity of the market are protected through the proactive implementation of the Securities Laws.

To enable it discharge its functions as encapsulated in its mission statement, the SEC has over the years adopted good corporate governance practices which are in line with best practices. The SEC is of the view that good corporate governance is key in helping the Commission achieve its objectives.

1.1. Commissioners

The regulatory powers of the SEC are vested in the Commission (the Board) made up of a maximum of 11 persons. This includes a Chairman, who is a non-executive member, the Director General who is the Chief Executive Officer of the SEC, and his two deputies. All members of the Commission are appointed by the President of Ghana and

hold office for 3 years but are eligible for re-appointment at the end of their three-year term.

To ensure wide consultation in the discharge of its functions, the Securities Industry Act, 1993, PNDCL333 as amended by The Securities Industry (Amendment) Act, 2000, Act 590, has provided for the membership of the SEC to include representatives from the Bank of Ghana, the Judiciary, the Ministry of Finance, the Registrar General's Department and persons who by reason of their ability, experience, specialist knowledge of securities or professional attainments are capable of making useful contributions to the work of the Commission.

The Commissioners, senior management and staff of the SEC are drawn from a variety of disciplines and include economists, lawyers, accountants, financial analysts, information technology professionals, business administrators and marketing professionals.

Membership of the Commission during the year under review was as follows:

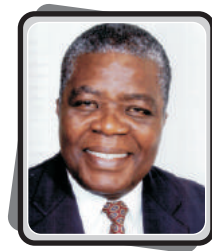
Professor E.V.O Dankwa	- Chairman
Dr. Nii Kwaku Sowa	- Director General
Mr. Ken Okwabi	- Deputy Director General I
Mr. Ekow Acquaaah -Arhin	- Deputy Director General II
Dr. Charles Asembri	- Member
Mrs. Justice Margaret Welbourne	- Member
Mrs. Jemima M. Oware	- Member (Rep. of Registrar General's Dept.)
Mr. Kofi Adu - Labi	- Member (Rep. of Bank of Ghana)
Mr. K.B. Oku-Afari	- Member (Rep. of Ministry of Finance)
Ms. Sena Kudjawu	- Member
Mr. Joe Aboagye Debrah	- Member

Members Of The Commission



Professor E.V.O. Dankwa
CHAIRMAN

Professor E.V.O. Dankwa is a retired Associate Professor of Law of the University of Ghana, Legon. He is a private legal practitioner.



Dr. Nii Kwaku Sowa
DIRECTOR GENERAL

Dr. Nii Kwaku Sowa is an economist by training with a wide experience in lecturing, research, policy analysis and consultancy. His research bias has been in the areas of Monetary Theory, Economic Policy Management, and Applied Econometrics. He is a member of the Monetary Policy of the Bank of Ghana.



Mr. Kenneth Okwabi
DEPUTY DIRECTOR GENERAL I

Mr. Kenneth Okwabi is a Barrister –at-Law from the Ghana Law School and holds a LLB (Hons.) from the University of Ghana. He has an impeccable track record in legal practice specializing in Corporate, Commercial Law and Securities Law.



Mr. Ekow Acquaaah-Arhin
DEPUTY DIRECTOR GENERAL II

Mr. Ekow Acquaaah-Arhin is a Chartered accountant and also holds a Msc degree in Public Sector Economics from the University of Buckingham, UK and Bachelor of Commerce (Honours) degree from the University of Cape Coast.



Mrs. Justice Margaret Welbourne
MEMBER

Mrs. Margaret Welbourne is a High Court Judge with the Commercial Court in Ghana. She holds a Bachelor of Arts (B.A) degree in English and Linguistics from the University of Ghana and a LLM in International Taxation from the Harvard University, U.S.A.



Mr. Kofi Otutu Adu Labi
MEMBER(REP, BANKOF GHANA)

Mr. Kofi Otutu Adu Labi is a Barrister –at-Law from the Ghana Law School and holds a LLB(Hons.) from the University of Ghana. He also has a certificate in Investment Negotiations from the Georgetown University Law Centre, Washington and an MBA degree from the University of Bradford School of Management, U.K. He is currently an adviser to the Governor of the Bank of Ghana.



Dr. Charles Asembri
MEMBER

Dr. Charles Asembri is a Securities Market Consultant and holds a Doctorate Degree (PhD) in Business Administration from the Graduate School of the City of New York as well as an Advance Professional Certificate in Finance.



Mrs. Jemima Mamaa Oware
MEMBER(REP., REGISTRAR GENERAL)

Mrs. Jemima Oware is a Barrister –at-Law from the Ghana Law School and holds a Bachelor of Arts (B.A) degree from the University of Ghana.



K.B. Oku-Afari

MEMBER(REP, MINISTRY OF FINANCE)

Mr. Kwabena Oku-Afari is the Director, Policy Analysis Division of the Ministry of Finance and Economic Planning. He represents the Ministry.



Mr. Joe Aboagye Debrah

MEMBER

Mr. Joe Aboagye is a Barrister –at-Law from the Ghana Law School and holds a LLB (Hons.) from the University of Ghana. He also holds a LLM (with merit) in International Banking and Finance from the London School of Economics, U.K.



Sena Kudjawu

MEMBER

Ms. Sena Kudjawu is Barrister - at -Law from Middle Temple, UK and holds a LLB(Hons.) from the University of Warwick , Uk.

1.2. Meetings of the Commission

The Commission meets once every other month. During the year under review, the Commission met 6 times for ordinary meetings and convened for 2 emergency meetings to discuss issues that were pertinent to the capital market. Members of the Commission have in addition been assigned to various standing Committees of the Commission which

meet regularly during the two - month intervals. Under the Terms of Reference of the Committees,

- (a) Each Committee is required to meet as frequently as is required for the effective discharge of its mandate;
- (b) Each Committee is required to report on its work to the Commission at each Commission meeting;

Membership of the Committees is as follows:

COMMITTEE	MEMBERSHIP	NUMBER OF MEETINGS HELD
Approvals & Licensing Committee	Professor E.V.O. Dankwa Dr. Charles Asembri Mrs. Jemima M. Oware Mr. Joe Aboagye Debrah	8
Research and Market Development Committee	Dr. Charles Asembri Mrs. Justice Margaret Welbourne Mr. Joe Aboagye Debrah Mr. K.B. Oku-Afari	1
Finance & Administration Committee	Mr. Kofi Adu-Labi Mr. K.B. Oku-Afari Ms. Sena Kudjawu Mrs. Justice Margaret Welbourne	5

The Administrative Hearings Committee

The Securities Industry Law, PNDCL 333 as amended provides for the establishment of an Administrative Hearings Committee (AHC) to, inter alia, examine and determine complaints, disputes and violations related to or arising out of any matter to which PNDCL 333 as amended applies.

The AHC which is thus a quasi-judicial body is set up to help address the complaints that relate to the activities of operators in the securities industry as provided for

under the Law and any Rules and Regulations made thereunder.

The AHC is composed of the chairman of the SEC (who also acts as the AHC chairman) and four (4) other members of the SEC elected by the members and have the functions of:

1. Examining and determining complaints, violations or disputes related to, in respect of, or arising out of any matter to which the Law applies, and
2. Performing any other duty related to the above function as may be referred to the AHC by the SEC from time to time.

1.3. Circulars Issued

1.3.1 -Residence status of Investment Advisers and Broker – Dealer Representatives

A market guidance notice was issued effective 1st April, 2010 to guide investment advisers and broker-dealer representatives. By this circular the Commission directed that all investment advisers and broker-dealer representatives licensed by the SEC must be resident in Ghana and immediately notify the Commission of any changes in residential status. The Commission indicated that only potential investment adviser/dealers' representatives resident in Ghana will be granted licenses effective 1st April 2010.

1.3.2 - 'Commercial Paper' Investments

The Commission, based on surveillance reports / investigations, issued a circular to all Investment Advisers and Broker – Dealers directing that as a result of some types of investments being undertaken by some operators under the guise of commercial paper, all investments in commercial paper should be halted and no operator was to engage in any investments in commercial paper until the Commission lifted the moratorium.

1.4. Internal Audit

The critical role of internal audit in an organization's structure cannot be overestimated. In recognition of this role, the Commission has an internal audit department which has the primary responsibility of conducting internal audits and investigations into the Commission's operations with a view to identifying and mitigating operational risks, enhancing integrity, and improving efficiency and effectiveness. The main functions of this department include:

1. reviewing the financial systems of the Commission on an ongoing basis
2. auditing all financial transactions
3. evaluating departmental management policies and implementation
4. examining adherence to the budget

2. Operational Report

2.1. Licensing and Approvals

Under section 9 of the Securities Industry Act, 1993, PNDCL333 as amended, the SEC is mandated

To register, license, authorize or regulate in accordance with this Law or any regulations made under it, stock exchanges, investment advisers, unit trust schemes, mutual funds, securities dealers, and their agents and to control and supervise their activities with a view to maintaining proper standards of conduct and acceptable practices in the securities business;

To review, approve and regulate takeovers, mergers and acquisitions and all forms of business combinations in accordance with any law or code of practice requiring it to do so; and

To examine and approve invitations to the public.

The SEC discharges the licensing and approval function through its Corporate Finance department and the Approvals and Licensing Committee of the Commission. Composition of the Approvals and Licensing Committee is drawn from the non-executive members of the Commission. The Director General and / or his deputies are expected to be present at the meetings of the Committee.

In the year under review, 34 applications for various categories of licenses were submitted to the Commission. Compared to the 22 applications received in 2009, there was thus an increase of approximately 54% in the number of applications received. Below is a breakdown of the number of applications received and reviewed.

Category of License	2010	2009
Collective Investment Schemes (CIS)	9	8
Investment advisors' licenses	13	6
Dealers' licenses		
- Brokerage	2	1
- Registrar	-	1
- Custodian	8	1
- Trustee	2	-
TOTAL	34	17

New licenses were granted to 7 collective investment schemes, 9 investment advisors, 8 custodians and 1 trustee. In all, 25 out of the 34 applications were approved.

The SEC also reviewed and approved offer documents

relating to a number of business combinations. In all, 3 business combinations accepted under the law were reviewed and approved. These were made up of 1 merger, 1 company re-organization and 1 takeover. Details were as follows:

Business combination	Details
Merger	Merger between UT Bank Limited and UT Financial Services Limited, a listed company. The merged company was listed as UT Bank on the GSE .
Company re-organization	Delisting of Enterprise Insurance Company Limited and relisting of a larger group Enterprise Group Ltd on the Ghana Stock Exchange. The group comprises Enterprise Insurance, Enterprise Life Assurance and other Consortium.
Takeover	Acquisition of 65.6% of shareholding (141,023,485 shares) in Ayrton Drug Manufacturing Ltd by Adcock Ingram International, which became effective on April 1, 2010.

In addition to the above, the SEC received 6 applications relating to primary market issues. All 6 were examined. However, only 5 were approved by the close of the year. The approved applications were made up of 1 private placement, 2 rights issues and 2 initial public offerings. Below are details of the type of offering.

Company	Amount to be raised
Private Placement	HFC Bank raised an amount of GH¢31,059,383 through the issue of 54,888,313 shares
Comet Properties Limited	GH¢61,823,968 through the issuance of 61,823,968 shares. The Offer was not successful, because the company could not raise the targeted amount .
Accra Hearts of Oak	GH¢10,000,000 through the issuance of 20,000,000 shares
Tullow Oil Ghana Limited	GH¢120,000,000 through the issuance of 4,000,000 shares
Aluworks Ghana Limited	GH¢30,000,000 through the issuance of 75,000,000 shares in Rights Issue.
National Investment Bank	GH¢170,000,000 through the issuance of 8,037,069 shares in Rights Issue and 234,820,074 shares through Private Placement

The SEC also approved the offer documents of seven (7) Collective Investment Schemes (CIS). Below are details of the schemes approved.

Name of Fund	Managers	Type of Fund
FirstbanC Heritage Fund	FirstbanC Financial Services Ltd	Money Market Fund
Christian Community Mutual Fund	Blackstar Advisors Ltd	Balanced Fund
100% Treasury Fund	IC Securities Gh. Ltd	Money Market Fund
Short-Term Cash Fund	IC Securities Gh. Ltd	Money Market Fund
Regular Income Fund	IC Securities Gh. Ltd	Money Market Fund
Aggressive Growth Fund	IC Securities Gh. Ltd	Balanced Fund
Stanbic Investment Fund	IC Securities Gh. Ltd	Balanced Fund

2.2. Supervision and Enforcement

Under section 9 of the Securities Industry Act, 1993, PNDCL333 as amended, the SEC is mandated

To maintain surveillance over activities in securities and to ensure orderly, fair and equitable dealings in securities;

To formulate principles for the guidance of the industry;

To protect the integrity of the securities market against any abuses arising from insider trading;

To adopt measures to minimize and supervise any conflict of interests that may arise for dealers; and

To monitor the solvency of license holders and take measures to protect the interest of customers where solvency of any such license holder is in doubt.

On-Site Inspections

During the year under review, the SEC in executing its functions as mandated by the Law undertook on-site inspection visits to licensed dealers and Investment advisory firms. Out of a total of 113 licensed securities market operators, 32 received on-site inspection visits representing approximately 28% of the total number of licensed securities market operators.

Firms were selected for on-site visits based on their risk assessment. Details of firms inspected are as follows:

RATIO OF ON-SITE INSPECTIONS OF LICENSED SECURITIES MARKET OPERATORS COMPLETED IN 2009-2010

	2010	2009
Broker-Dealers		
Number of licensed firms	22	19
Number inspected	10	5
<i>Ratio of inspection achieved</i>	<i>45%</i>	<i>26%</i>
Investment Advisers		
Number of licensed firms	51	43
Number inspected	13	12
<i>Ratio of inspection achieved</i>	<i>25%</i>	<i>28%</i>
Registrars		
Number of licensed firms	4	3
Number inspected	1	3
<i>Ratio of inspection achieved</i>	<i>25%</i>	<i>100%</i>
Collective Investment Schemes		
Number of licensed firms	24	15
Number inspected	15*	7
<i>Ratio of inspection achieved</i>	<i>62%</i>	<i>46%</i>
Trustees		
Number of licensed firms	3	2
Number inspected	2	0
<i>Ratio of inspection achieved</i>	<i>66%</i>	<i>0%</i>
Custodians		
Number of licensed firms	9	4
Number inspected	6	0
<i>Ratio of inspection achieved</i>	<i>66%</i>	<i>0%</i>

In addition to the above, the SEC conducted price valuation and confirmation of assets of 15 licensed Collective Investment Schemes. The purpose was to ascertain that the legally mandated method of pricing was being applied, and to confirm the existence of assets and liabilities of the schemes as at 31st December 2009.

The SEC also conducted follow up inspection visits to 12 firms to ascertain their compliance status after the SEC's last visit and to ensure that measures recommended for the correction of anomalies were being adhered to.

Off-Site Reviews

The SEC also conducted off site reviews of statutory returns filed by all market operators. Statutory returns reviewed included:

1. Monthly Financial Returns which consist of cash flow statements and statement of liquid funds.
2. Quarterly Financial Returns which consist of profit and loss accounts, balance sheet, cash flow statements and statement of liquid funds.
3. Quarterly Compliance Reports which indicate the compliance status of licensed operators with the Rules and Regulations of the Securities Industry.

4. Quarterly Reports on Funds under management and other operational returns.
5. Annual returns which consist of a set of audited financial statements.
6. Daily Trading Reports

The market was generally compliant with Securities Industry Law and Regulations in 2010. A 100% off-site inspection ratio was achieved.

Overall, an average of a 64% inspection ratio was achieved for both on-site and off-site inspections.

2.2.1 -Investigations

The SEC in ensuring orderly, fair and equitable dealings in securities as well as working to minimize and supervise any conflict of interests that may arise for market operators instituted investigations into a number of complaints filed with the Commission by investors and market operators in 2010. Complaints investigated related to the following issues:

A. Non-receipt of dividends

i) A complaint was received from an investor who stated that he held some ETI shares and was consistently frustrated over the collection of ETI dividends. According to him, even though ETI's Registrars claimed that dividends were posted to shareholders by early July, it took several months of waiting after this date to receive the dividend warrants if at all.

Resolution/ Status: The findings pointed to a lack of communication due to change in postal addresses. The Registrars have since re-issued the dividend. The complainant has also now opened a foreign account and henceforth will have his dividends paid directly into it by the Registrar.

ii) Another investor who held 500 Fan Milk Ltd. shares complained to the Serious Fraud Office about the non-payment of dividends due him. His complaint was referred to the SEC.

Resolution/ Status: The complainant was unaware of the fact that if a shareholder sells his/her shares before the closure of the shareholder's register, he /she does not qualify for the payment of dividend. The investor had sold all his shares in question before the closure of the shareholders' register, and therefore was not entitled to dividends.

B. Non-receipt of meeting notices and dividends

A shareholder of Pioneer Kitchenware Ltd. (PKL) complained to the Commission concerning the non-receipt of annual general meeting notices and dividends from PKL. According to him, the company's registrars had also not been responsive to his requests for a copy of his records to be sent to him.

Investigations revealed that PKL has not held an Annual General Meeting since 2007. Furthermore, since the 2006 dividends, the company has not paid any dividends to share holders. It was also realized that the Registrar had failed to update the client's address in its database. This, the Registrar claimed, may have accounted for the client not receiving any correspondence from them.

Resolution/ Status: The Commission directed that the Registrar amend its records to reflect the new address of the shareholder in its systems. It was further directed that all correspondence from PKL to all the company's shareholders should be resent. The Registrar in question has since complied with the directives and the complainant has written to confirm same.

C. Complaint relating to migration of share register from one Registrar to another

The complainant, a listed public company, stated in a letter dated 1st June 2010 that it had given its Registrar three months notice of its intention to terminate the Registrar Service Agreement with them. The letter further requested that the Registrar delivers to the listed company and its new Registrar, books, papers, accounts instruments and documents to facilitate the smooth migration of the register to the new Registrar. Among the requests made by the company was for the

Registrar to hand over the Shareholders' Register, both electronic and hardcopy to the company or representatives of the new Registrar. Although a hardcopy of the Shareholders' Register was delivered as requested, the Registrar failed to hand over an electronic copy of the Register to the listed company, claiming ownership of the said documents.

Resolution/ Status: After a protracted dispute and an extensive arbitration by the SEC, it was agreed that the electronic Shareholder's Register should be released to the listed company by its former Registrar for a negotiated fee. The Registrar has since submitted the electronic register to the listed company. A substantial part of the negotiated amount has been lodged with the SEC.

D. Complaint regarding a Conflict of Interest

A registrar brought a complaint against a competitor alleging conflict of interest and unfair competition. According to the complainant, the defendant had been privy to certain confidential information while it acted as consultant for the SEC on a World Bank project. The defendant had subsequently established a registrar service. This, the complainant alleged, placed the defendant in a position of conflicted interest and unfair competition against other industry players.

Resolution/ Status: The SEC set up a committee to investigate the complaint. The committee found that there was no conflict of interest in the dealings of the defendant. The decision of the Commission has since been communicated to all parties involved.

E. Unauthorized sale of an investor's shares

A complaint was filed by an investor about the unauthorised disposal of her 200 Fan Milk Ltd. shares by her broker in August, 2010.

In its response to the Commission, the broker stated that the investor had requested the broker to use its discretion to buy a number of securities for her. Before the completion of this mandate, the investor directed that the money be transferred to another department

to be used in the purchase of shares of a mutual fund. The broker had however already purchased 100 UNIL shares on her behalf. Thus, at the close of settlement the investor's account run into debit because of the transfer. The broker asked her to settle the outstanding debt but all calls to the investor went unheeded. This, according to the broker, compelled it to sell some of the investor's holdings to defray the cost but acting in the best interest of the client, it chose the equity that was a non-gainer at the time, Fan Milk Ltd.

Resolution/ Status: The broker has been directed by SEC to restore the client's shares to her. The client has also been asked to pay off her debts to the broker.

F. Fraudulent sale of an investor's shares

A complaint was filed with the Commission by Ecobank Ghana Ltd. alleging the fraudulent sale of 168,077 Ecobank shares worth GH¢335,414.00 belonging to a shareholder.

Investigations revealed that both the brokerage firm of the shareholder and the Registrar of the company's shares had failed to conduct proper due diligence. As a result of their negligence, the shares were fraudulently sold and the proceeds of the sale paid into an account that did not belong to the shareholder.

Resolution/ Status: The matter has been reported to the Ghana Police Service and Attorney-General's Department for further investigations and prosecution. Meanwhile, the representatives of the brokerage firm and officials of the Registrar have been reprimanded and directed to show just cause why their licenses should not be revoked. Further disciplinary action will be taken as deemed appropriate. The Registrars in question have also been directed to restore the investor's shares and pay all outstanding dividends to him.

G. Loss in value of an investment

An investor filed a complaint with the Commission requesting it to investigate the circumstances under which her ETI 11,600 and UTB 17,000 shares were sold by her broker such that the proceeds only amounted to GH¢4,348.38 instead of the initial capital of almost GH¢10,000.00 used in purchasing the shares.

Investigations revealed that the complainant on 29/6/09 signed a sale order form for her broker requesting it to sell her shares and invest the proceeds in treasury bills. The sale of the shares commenced on 5/8/09 and ended on 22/9/10. The shares were sold piecemeal as there was no demand for the shares in block. The UTB and ETI shares were sold at market prices of GH¢0.18 per share and GH¢0.13 per share respectively and the proceeds amounted to GH¢4,348.38.

However, the cheque was not invested in treasury bills as the client had instructed. The cheque became stale and the client was not informed until 19/7/10.

When the broker realized that the client's instruction had not been carried through which made her lose the interest that could have accrued on the treasury bill investment had the proceeds of the sale been invested immediately, it computed the lost interest and invested it in treasury bills along with the proceeds of GH¢4,348.38, and notified the client thereafter.

Resolution/ Status: Investigations by the Commission revealed that the decrease in the proceeds of the shares was a result of a fall in share prices of UTB and ETI on the GSE at the time of the transactions. The broker failed to explain the operations of the stock market and its associated risks to its client. The investor has been asked to contact her broker and give further directions on her investment as she deems fit. The Commission also reprimanded the broker for not following the client's instructions to invest proceeds into treasury bills notwithstanding the fact that the resulting loss had been made good.

H. Non-activation of client share accounts, slow pace of deposit process and increase in error rate by a Registrar

The Ghana Stock Exchange lodged a complaint with the Commission against one of the licensed Registrars. The complaint was about the non-posting of share accounts opened by the Registrar, meaning that such accounts effectively remained non-activated; the slow pace of deposit approval, some dating back to October 2009, and the increasing error rate in processing subscriptions to rights issues which ultimately delayed trading in those shares.

Investigations by the SEC revealed inadequate staffing levels at the registrar company, and the failure to follow due process as the source of the anomalies. SEC recommended the following solutions to the Registrar and broker-dealers:

- i. Ensure that all pending requests that cannot be approved due to errors are rejected and returned to the Broker-Dealers concerned.
- ii. Ensure that the information posted by Broker –Dealers to the Registrar in the Depository System corresponds with what is on the request form.
- iii. Lead Brokers should ensure that they enter the correct account codes of shareholders into the system and the Registrar must verify account codes as well as other information.

Resolution/ Status: All recommendations have since been implemented.

I. Misuse of client's funds by an ex-employee of a licensed operator

A complaint was filed with the Commission by a brokerage firm alleging that an ex-employee of the firm had collected an amount of GH¢41,800 from unsuspecting individuals and organizations under the pretext of investing it in the asset management unit of the brokerage firm, but never did.

Resolution/ Status: The matter has been reported to the Ghana Police Service and Attorney-General's Department for further investigations and prosecution.

2.2.2- Enforcement

Upon referrals from the Market Surveillance department, the SEC brought enforcement action against some violators of the Securities Industry Act. The enforcement actions included the following:

- a) Payment of penalty by Gold Coast Securities for using and advertising its SEC license for an unauthorized business. The action also required Gold Coast Securities to retract all claims made in the said advert.
- b) Suspension of the license of Orialles Capital Limited for failure to renew its license and non-submission of reports and returns to the SEC as per regulation 33 of L.I 1728.

2.2.3 – Litigation

In the course of the year under review, the Commission continued to litigate in a case pending from 2008, and took on three new lawsuits.

I. Daniel Ofori Vrs. Databank , Oppong Bio, Ecobank, the SEC and the GSE

By a Writ and Statement of Claim filed on the 3rd of April 2008, Daniel Ofori, Plaintiff, through his counsel Joe Debrah of 1st Law Chambers sued Ecobank Ghana Limited, the Defendant in the Commercial Division of the High Court, for the following reliefs;-

- An order that the Defendant credits the accounts of the Plaintiff with the full value for the Defendant's bankers drafts lodged by the

plaintiff.

- An order of injunction against the Defendant to restrain it from interfering with the Plaintiff's funds representing the full value of banker's drafts issued by the Defendant.
- An order that the Defendant gives value for the payment order dated May 30, 2008 and deposited into the Plaintiff's account with SG-SSB Ltd.
- Damages
- Costs

Subsequently, upon application by Plaintiff's Solicitor, the High Court on the 25th of March 2009, granted an application for joinder and ordered that William Oppong–Bio, Databank Brokerage Limited, the SEC and the Ghana Stock Exchange be joined to the matter as the 2nd, 3rd 4th and 5th Defendants respectively. The SEC received a Writ dated 1st April 2009 from the Plaintiff to that effect. The plaintiff has since changed his solicitors from Joe Aboagye Debrah Esq. of First Law Consult to Messrs Dery and Co.

Proceedings continue in the matter.

ii. Daniel Ofori v. Unilever and 12 others

By writ of summons and statement dated 16th June, 2010. The Plaintiff claimed the following:

- (i) Against 2nd to 12th defendants a declaration that the resolution passed by 1st defendant's members on 02/02/2010 did not authorise 2nd to 12th defendants to sell off 1st defendant's shares in BOPP to 13th defendant.
- (ii) Against 2nd to 12th defendants a declaration that accordingly defendants are not entitled to rely on the aforesaid resolution as the basis for selling off 1st defendant's shares in BOPP to 13th defendant.
- (iii) A declaration that the attempted and/or

purported sale by 1st defendant of its shares in BOPP to 13th defendant is void and of no legal effect for want of compliance with the rules regulating such transactions.

- (iv) A declaration that decision by 2nd to 12th defendants to sell off 1st defendant's shares in BOPP to 13th defendant is illegal, null and void.
- (v) An order of perpetual injunction restraining defendants from proceeding with the sale of 1st defendant's shares in BOPP to 12th defendant.

This was followed subsequently by a motion seeking an interlocutory injunction against the SEC to restrain it from approving the sale of the first defendant's shares in Benso Oil Palm Plantation to the 12th defendant and a written statement of case in support thereof filed on the 9th of August 2010.

In response the SEC filed an affidavit of opposition to the application and statement of case. In a ruling given on the 2nd of December 2010, the application of the plaintiff for an order of injunction against the SEC was denied. The plaintiff has since discontinued with the case.

- iii.
 - a. **Seth Ofori vs. SEC**
 - b. **SDC Brokerage Services Ltd, Mrs Cecilia Ansah, Charles Ofori vs. SEC**

Mr. Seth Ofori was licensed by the SEC as an investment adviser's representative.

Following an investor's complaint regarding the professional conduct of Mr. Seth Ofori, investigations revealed that Mr. Seth Ofori failed to conduct proper due diligence in his dealings on behalf of the complainant resulting in the complainant making some losses on his investments. The SEC found the licensee had failed in his duty as an investment adviser's representative and requested the licensee to show just cause why his license should not be revoked in accordance with the Securities Industry Laws. Mr. Seth Ofori in response has filed an application in the Commercial Court for an order of certiorari to quash the decision of the SEC against him.

In the latter case, Mr. Charles Ofori and Mrs. Cecilia Ansah, both employees of SDC Brokerage Services Limited were also requested to show just cause why their licences should not be revoked in the same matter stated above and have also filed for an order of certiorari to quash the decision of the SEC. The two cases are currently pending in court.

2.3. Internal Audit

In the year under review, in addition to performing its routine duty of pre-auditing all transactions, the Internal Audit department conducted an audit review of the activities of the Accounting/ Finance Department and the Information Technology (IT) Department. The department also prepared a standard audit program for use by the Internal Audit Department in the performance of its work.

2.4. Anti-Money Laundering & Counter Financing of Terrorism Unit

On 11th October 2010, a new unit, namely the Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) Unit was established at the Securities and Exchange Commission. The unit's primary role is to establish a regime to alter and detect all forms of money laundering and terrorism financing activities in the capital market. It will cooperate with other key institutions such as the Bank of Ghana, the Ghana Police Service and the Financial Intelligence Center (FIC) to achieve its goal. It is envisaged that the department will coordinate activities to ensure that AML/CFT activities are treated as paramount issues among stakeholders. The department will develop AML/CFT guidelines for licensed market operators and ensure that all accountable institutions have AML/CFT programs put in place.

2.5. Market Development

As part of its policy objectives under the Financial Sector Strategic Plan (FINSSP), the SEC continued with market development initiatives aimed at deepening the capital market in Ghana.

a) *Review and Amendment of Securities Industry Act, 1993, PNDCL333*

In collaboration with Global Mandate Consulting Limited, the SEC continued with consultative processes that will lead to the eventual passage of the amendment Act. A draft Bill was completed during the year under review. The overall objective of the Bill is to ensure that the Securities Industry Law in Ghana is up-to-date with international standards and best practice. Specifically, the Bill is expected to inter alia:

- Remove overlaps and plug gaps in the regulations
- Remove provisions that are obstacles to the facilitation of securities market development.
- Ensure compliance with IOSCO principles in order to meet IOSCO MMOU qualification requirements. The review is also expected to be made in line with IOSCO core principles of securities regulation, internationally accepted benchmarks and best practices.
- Ensure the law is expansive enough to accommodate all forms of securities in the present and future
- Strengthen the operational independence of the Commission for an effective and efficient regulation of the securities industry in Ghana.

b) *Development of an Alternative Investment Market for SME's*

The SEC reviewed and accepted for implementation a report on the rules required for the operations of an Alternative Investment Market in Ghana. The report covered wide areas that would make possible the regularization of Ghana's unlisted securities market as follows:

- A proposed name for the alternative investment market in Ghana (i.e. Ghana Alternative Investment Market – (GAIM)
- Governance Structure of GAIM
- Proposed structure of the market
- Listing requirements and annual fees/ Admission of securities onto GAIM
- Trading and Settlement Rules
- Membership and membership rules
- Membership application procedures and continuing obligations
- Disciplinary and Appeals procedures
- Compliance Manual for GAIM

The implementation of this development strategy will assist the country to accelerate its economic development and growth.

c) *Development of a Commodity Exchange and Warehouse Receipt System*

In the course of the year, the SEC intensified its efforts to have in place a Legal and Regulatory Framework for the Ghana Commodity Exchange and Warehouse Receipt System. A consultant was shortlisted and negotiations commenced to finalize processes leading to the award of a contract.

d) *Acquisition of an electronic surveillance system and web portal for the SEC.*

In order to keep abreast with the rapidly changing technological environment of the securities industry, the SEC signed a contract with Infotech Global PTE of Singapore to supply and install an electronic surveillance system and create a web portal for electronic filing of statutory reports by market operators. The proposed solution has four components as follows:

- i. An Electronic Surveillance/Monitoring System - The electronic Surveillance/Monitoring System will monitor manipulation and abuses in the market in real time. This application is critical in maintaining and promoting market integrity and transparency.
- ii. Data Center (Network Infrastructure) - The data center will house computer systems and associated components, such as telecommunications and storage systems. It generally includes redundant or backup power supplies, redundant data communications connections, environmental controls (e.g. air conditioning, fire suppression) and security devices. Redesigning of the SEC Local Area Network (LAN) and a creation of a Wide Area Network(WAN) are also included as part of the network infrastructure.
- iii. Web Portal - The web portal presents information from diverse sources in a unified way on the web.

The SEC web portal is expected to allow for

electronic filing of reports, registrations, online submission of complaints, digital library, licensing, IPOs, approvals etc. Internal users in the various departments will have quick and easy access to relevant reports to perform their duties.

- iv. Disaster Recovery - A backup capacity and disaster recovery solution is expected to be instituted at a remote location.

e) *Establishment of a Securities Institute, Resource Centre and Library*

The SEC during the year under review signed a contract with DevPar Financial Consultancy Limited of Canada & GIMPA Consultancy of Ghana (for a consultancy service) towards the establishment of a Securities & Investment Institute, Resource Centre and Library for the Securities and Exchange Commission. The Institute will provide professional examinations and licensing regime for securities industry players and practitioners. The institute will also help build capacity for the securities industry including development of a programme for Continuous Professional Development, possible accreditation and training for company directors. Work is progressing steadily on this assignment.

f) *Institutional/Training Needs Assessment and Development of five years Strategic Plan*

The SEC signed a contract with The International Securities Consultancy Limited (ISC) of Hong Kong to undertake an Institutional /Training Needs Assessment and Development of a five- year strategic plan for the Commission. The overall objective of the assignment is to strengthen the regulatory capacity of the SEC through improvement in workflows, systems, structure, processes, procedures and staff development to assist towards the retention of staff, better output and service delivery.

2.6. Training and Capacity Building

Training and staff development continues to be at the heart of SEC's human resource policy. During the year under review, staff of the SEC participated in a number of training programmes and seminars aimed at equipping them with the skills and knowledge required to meet the ever-changing challenges of the capital market in Ghana and abroad. A list of training programmes attended by staff during 2010 is attached in Appendix C.

The Commission was also reorganized to include a new department and a new unit: an Investment Management Department was set up to supervise the growing number of collective investment schemes; and the Anti-Money Laundering and Counter –Financing of Terrorism Unit was set up to establish a regime to detect all forms of money laundering and terrorism financing activities in the capital market. The staff strength of the Commission in 2010 was 45.

2.7. International / Regional Co-operation

During the year under review, the SEC continued to play a major role within the international/ regional community. In February 2010, the SEC hosted the 24th IOSCO Africa - Middle East Regional Committee Meeting in Accra. The meeting which was under the theme 'Information and Development of Capital Market in an Emerging Economy' was attended by representatives from twelve (12) countries within the Africa and Middle East Region and the Secretary General of IOSCO.

The SEC also participated in deliberations on combating money laundering and other financial crimes organized by West Africa Institute for Financial and Economic Management in Freetown, Sierra Leone.

In addition to the above, the SEC participated in a meeting of stakeholders on capital markets integration of Nigeria, UMOA, and Ghana. The meeting was to discuss the proposed integration of the capital markets within the West Africa sub region.



*24th IOSCO - Africa / Middle East Regional Committee Meeting
Accra, Ghana*



24th IOSCO - Africa / Middle East Regional Planning Committee Meeting

3. Economic Review

An Overview

Ghana enjoyed an improved macro-economic environment in 2010. Building on gains made during the second half of 2009, the government continued its drive to stabilize the economy through austere fiscal policies. This translated into a commendable downward trend in inflation for eighteen (18) consecutive months, from 20.74% in June 2009 to 8.60% in December 2010, the lowest in almost two decades. Interest rates also fell consistently during the period under review, from 21.3% on the 91-day Treasury bill in January 2010 to 12.3% at year end. It should be noted however that though the Bank of Ghana reduced its policy rate to about 12.5% by year end, commercial banks failed to respond with a corresponding cut in interest rates. Lending rates remained high at year end, averaging 23% per annum.

The Ghana Cedi also performed much better against the world's major currencies. It depreciated marginally by 0.31% against the US dollar, but appreciated by 8.6% and 13.5% against the Pound Sterling and Euro respectively. Increased foreign direct investment (FDI) flows and strong export growth in the first nine months of 2010 yielded a balance of payments surplus of over USD 100 million. The projected surplus for the fiscal year was USD 315 million. This was expected to give a boost to reserve accumulation and provide stability in the foreign exchange market.

Gross Domestic Product (GDP) for the year 2010 was GHC 44 billion. The country achieved a provisional rebased growth rate of 6.6% in 2010. With the rebasing of the country's GDP, Ghana has also joined the league of middle-income nations: its per capita income now being US\$1,295 (using new 2010 population figures of 24 million people). Ghana's economic growth is expected to average 8% in the next three to five years, as we start to produce oil.

Overall, the economy improved significantly in 2010 as clearly evidenced by diminishing inflationary trends, declining interest rates along the spectrum of the yield curve, relative exchange rate stability and an upward trajectory in economic growth.

3.1 REAL SECTOR DEVELOPMENT

Ghana's real sector is anchored on economic activities in three sectors, namely Agriculture, Industry and the Service sectors.

During the year under review, the Composite Index of Economic Activity (CIEA), an index designed by the Bank of Ghana to measure the level of economic activity and consumer confidence in the Ghanaian economy, increased by 10.5% compared to 9.6% in 2009. Commercial credit to the private sector, industrial activity, level of imports, construction, tourist arrivals, social security contributions, and sales of key manufacturing establishments are some of the activities that contributed to the increase in the index.

Agricultural Sector

According to the provisional data from the Ghana Statistical Service, the Agriculture Sector grew by 4.8% in 2010 against a target of 6% and constituted about 32.4% of GDP, relinquishing its position as the largest contributor to output to the Services Sector. All sub-sectors in the Agriculture Sector achieved their targets except the Crops and Livestock sub-sector, which posted a growth rate of 5% against a target of 7%.

Industrial Sector

The Industrial sector grew by 7% against a target of 6.6% contributing about 25.7 percent to GDP. The impressive performance of the sector is largely explained by the remarkable performance of the mining and quarrying, and electricity and water sub-sectors. While the Mining and Quarrying sub-sector grew by 10.5% against a target of 6%, the electricity and water sub-sector grew by 13.3% against a target of 10%. Electricity production increased by 17.7% resulting mainly from a 9.2% increase in hydro power generation, and a 38% increase in thermal power generation.

The construction sub sector which contracted by 1.7% in 2009, posted a positive growth of 7.9% against a target of 8 percent. The Manufacturing sub-sector posted a marginal growth of 1 percent after contracting by 1.3 percent in 2009.

Service Sector

The Service sector grew by 6.1% and contributed 32.8% as its share to GDP, displacing the Agricultural sector as the highest contributor to GDP. This is an

indication of a structural change in the economy towards the Services sector. The Finance, Insurance, Real Estate and Business Services sub-sector recorded the highest growth rate of 13.9% against a target of 10% mainly explained by substantial growth (38.7%) in business services such as consultancy and other professional services. The wholesale and retail trade, restaurants and hotels sub-sector registered the lowest growth rate of 3.5% compared to a projected growth of 8%.

The table below depicts the performance of the various sectors of the economy.

3.2 ECONOMIC INDICATORS

	2009 Target (%)	2009 (%)	2010 Target (%)	2010 (%) PROV. OUTTURN
Agriculture	5.7	6.2	6.0	4.8
Crops & Livestock	6.5	7.0	7.0	5.0
Cocoa	3.5	5.0	4.0	4.6
Forestry/Logging	3.5	3.5	3.0	3.8
Fishing	5.0	5.0	5.0	5.0
Industry	5.9	3.8	6.5	7.0
Mining/Quarrying	5.5	8.0	6.0	10.5
Manufacturing	4.0	5.0	4.0	1.0
Electricity/Water	4.0	5.0	10.0	13.3
Construction	8.0	-1.0	8.0	7.9
Services	6.6	4.6	7.0	6.1
Transport, storage & communication	7.0	7.0	6.0	6.0
Wholesale/retail trade, restaurants & hotels	7.0	2.0	8.0	3.5
Financial, insurance, real estate & business services	10.0	10.0	10.0	13.9
Government Services	5.0	3.0	5.0	4.5
Community, social & personal services	4.5	4.5	6.0	4.5
Private & non- profit services	4.0	4.0	6.0	6.0

Source: Ghana Statistical Service & 2011 Budget Statement and Economic Policy

3.3 MONETARY DEVELOPMENT

Money Supply

Provisional data indicate that growth of key monetary aggregates during the year through September has continued to be on the upward trend. Broad money supply, including foreign currency deposits, (M2+) recorded a year-on-year growth of 31.6% to reach GH¢11,487.2 million at the end of September 2010. The growth in M2+ was reflected mainly in the domestic currency component (M2) which went up by 39% year-on-year. Strong growth in savings, time and demand deposits accounted for the developments in M2 during the period. Reserve money grew by 47% (GH¢1,006.5 million) year-on-year, and 3.8% (GH¢115.9 million) year-to-date, exceeding the program target by 12.4% (GH¢265.9 million) year-on-year and 8.8% year-to-date.

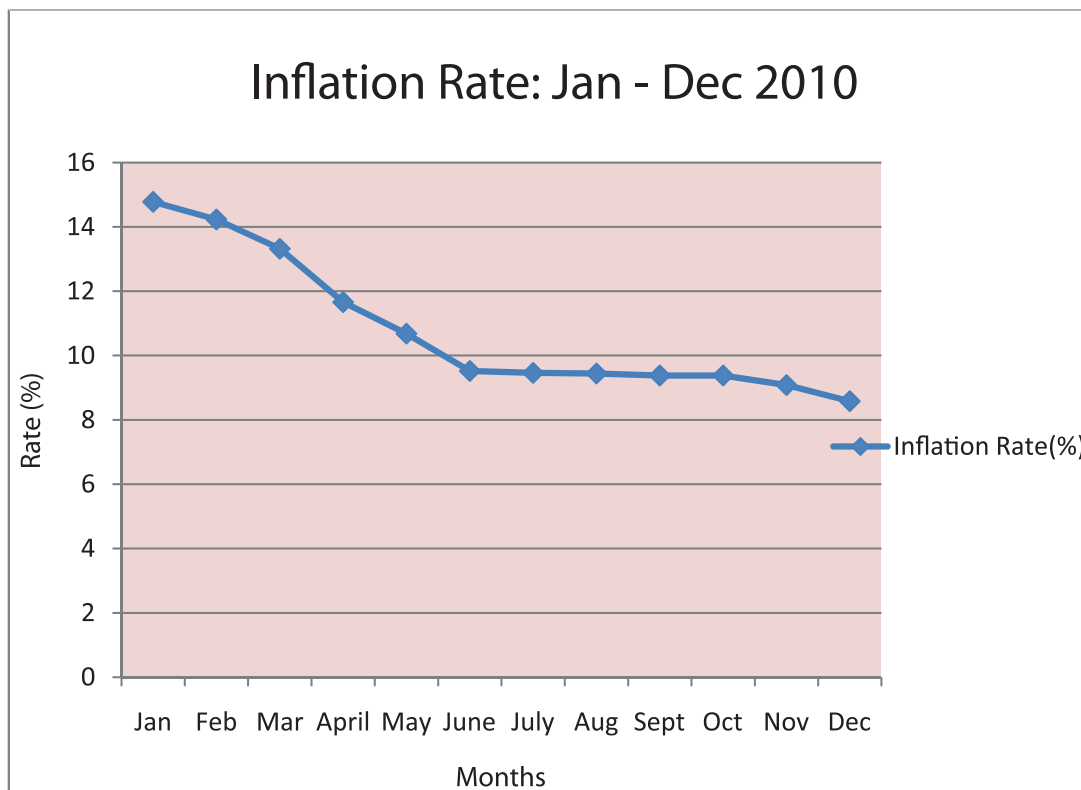
Gross international reserves of US\$ 3,973.0 million at the end of October 2010 had exceeded three months of import cover compared with reserves of US\$2,036.2 million at end of December 2009.

Inflation

Inflation has trended downwards in eighteen (18) consecutive months from 20.74% at the end June 2009 to 8.60% in December 2010, the lowest in the last two decades.

The year under review started with an inflation rate of 14.78% in January 2010 and fell continuously to record an inflationary rate of 8.60% in December 2010 after it remained constant in September and October. The cumulative decline between January 2010 and December 2010 was 6.2 percentage points (from 14.78% to 8.58%). The downward pressure on inflation can be attributed to both the food and non-alcoholic beverages group and the non-food group.

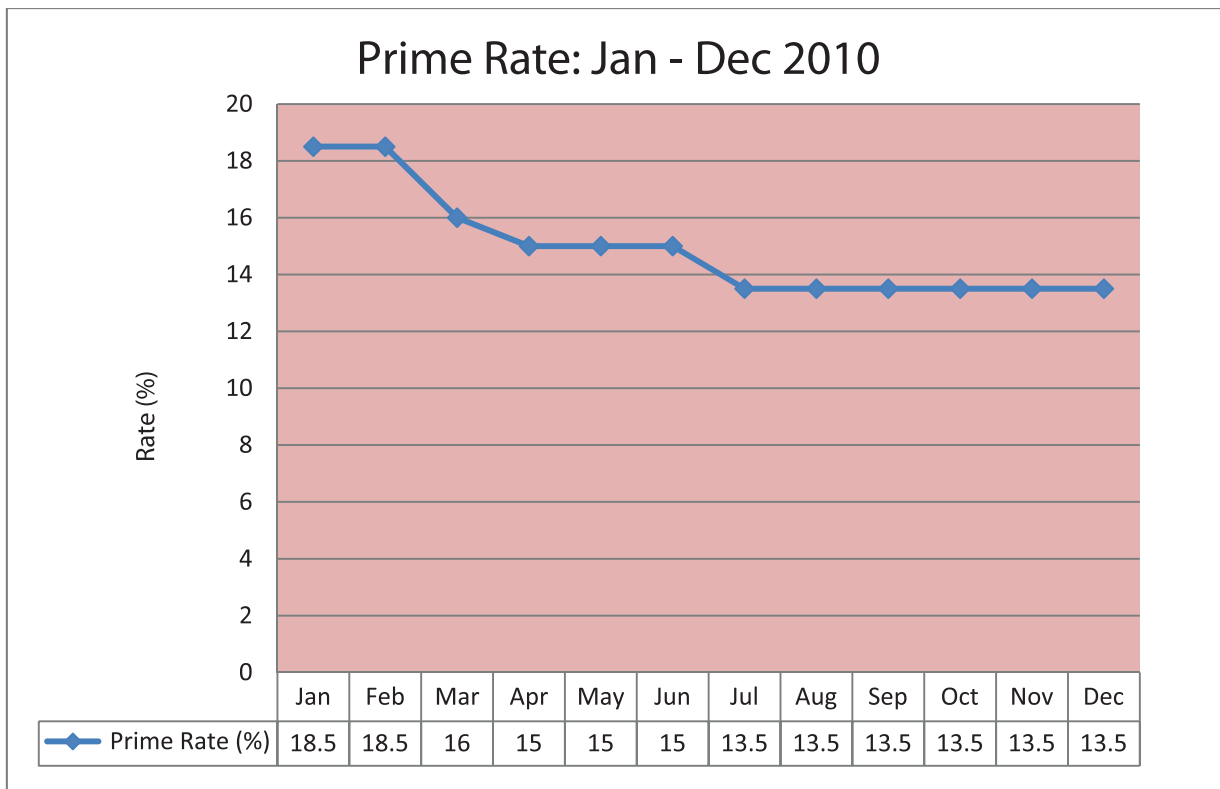
The accompanying graph depicts the inflationary trend for the year 2010.



Source: Ghana Statistical Service & Bank of Ghana

Interest Rate

The Monetary Policy Committee (MPC) of the Bank of Ghana, the central bank's committee responsible for setting the bank's prime rate maintained the Bank of Ghana Policy Rate at 13.5% for the last half of 2010. Interest rates declined over the entire spectrum of the yield curve in line with the deflationary process. The 91-day Treasury bill rate declined from 12.32% in October 2010 to 12.15% at year end. The 182-day Treasury bill rate also declined from 12.71 to 12.53%. Rates on 1-year notes fell from 12.72% to 12.60%, while the 2-year fixed note dropped from 12.75% to 12.55% for the same period.

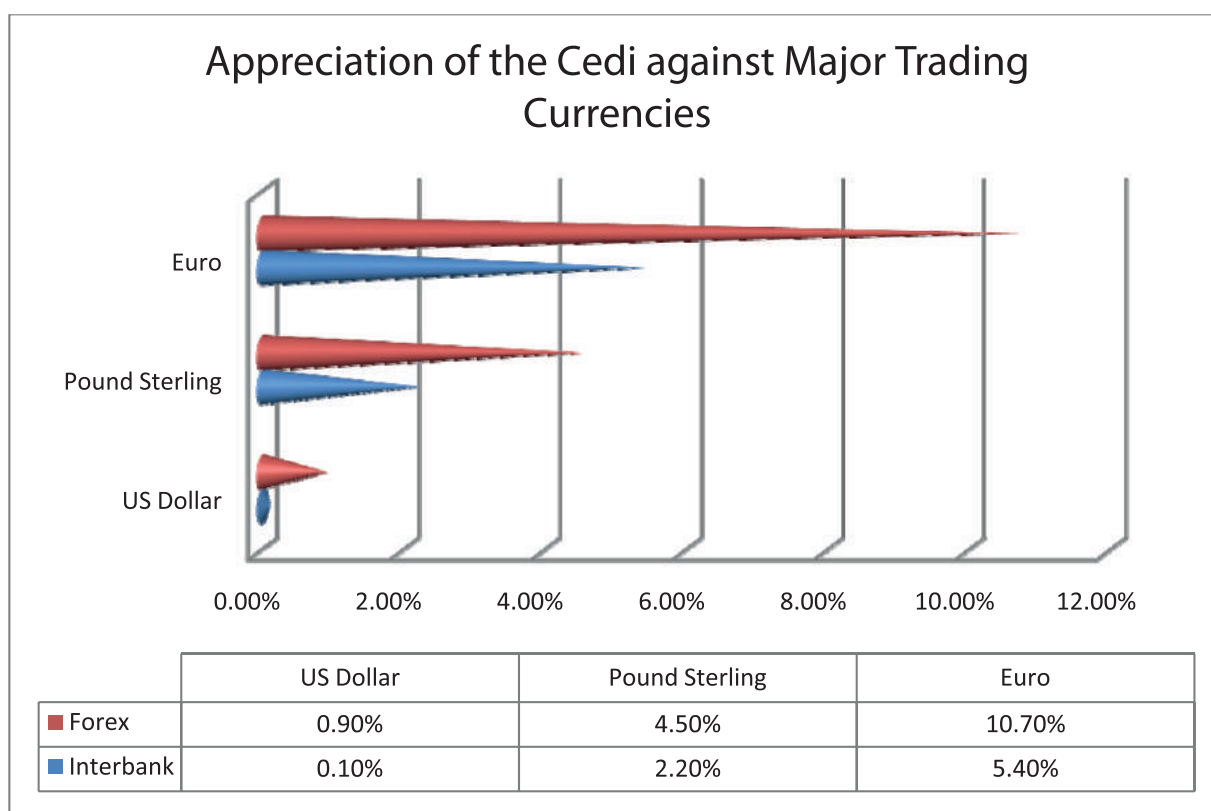


Source: Bank of Ghana, Ghana Statistical Service

Exchange Rate

The Ghana Cedi strengthened and appreciated by 0.1 percent, 2.2 percent and 5.4 percent against the US dollar, pound sterling and euro respectively as at the end of September, 2010.

On the domestic currency market, the Ghana cedi traded competitively on both the inter-bank and forex markets during the first nine months of 2010.



Source: Ghana Statistical Service and 2011 Budget Statement and Economic Policy

3.4 FISCAL DEVELOPMENTS

Total Revenue and Expenditure

Government budget operations ended in a deficit of GH¢1.7 billion (3.7% of GDP) compared with the target of GH¢1.3 billion (2.9% of GDP). Total expenditure for 2010 was GH¢8.8 billion (19.7% of rebased GDP). The deficit of GH¢1.7 billion together with net foreign loan repayment of GH¢30 million and TOR Debt Financing of GH¢445 million created a resource gap of GH¢2.1 billion.

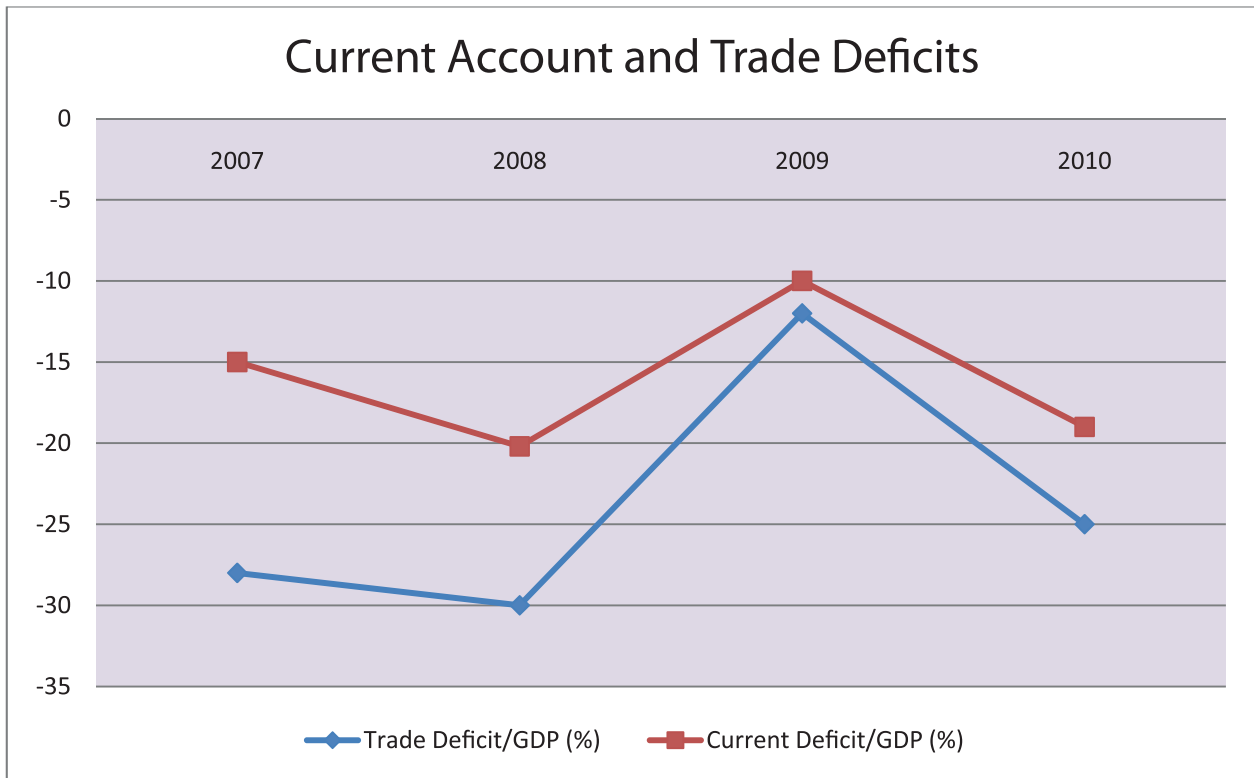
Total revenue and grants stood at GH¢5,999.75 million (22.9% of GDP) compared with GH¢4,724.75 million (21.8% of GDP) for 2009. The stronger performance of domestic revenue was moderated by weak donor support – grants fell short of target by almost 22 percent.

The Balance of Payments registered a surplus of US\$101.66 million during the first three quarters of 2010 against a deficit of US\$29.5 million for the corresponding period of 2009. The overall balance was projected to be surplus of US\$ 315.0 million on account of expected favourable developments in the capital account. The balance of trade recorded a deficit of US\$

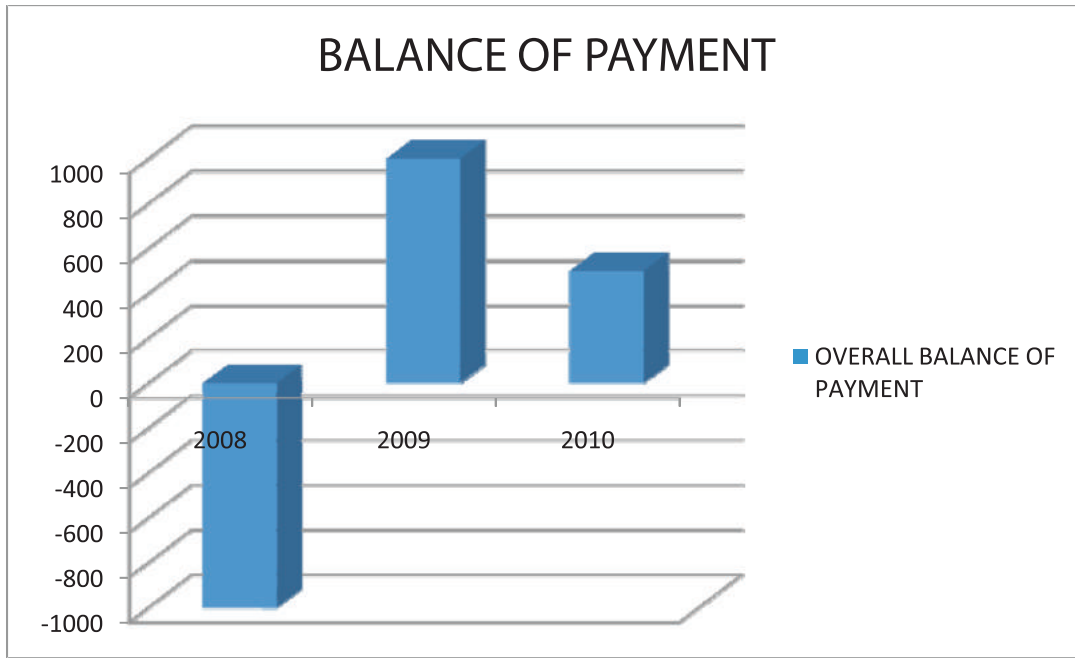
2,173.18 million (18.9% of GDP) for the nine month period of 2010 against a deficit of US\$ 1,763.35 million (15.4 % of GDP) in the corresponding period of 2009. The growth in the deficit was the result of increase in domestic demand for oil and non-oil imports. Merchandise exports for the period totaled US\$5,822.23 indicating an increase of 39.5% over 2009 figures. The increase reflected improvements in earnings from most of the country's export commodities, in particular gold and cocoa.

Merchandise imports however totaled to US\$7,995.41 million, accounting for the trade deficit despite improved export earnings.

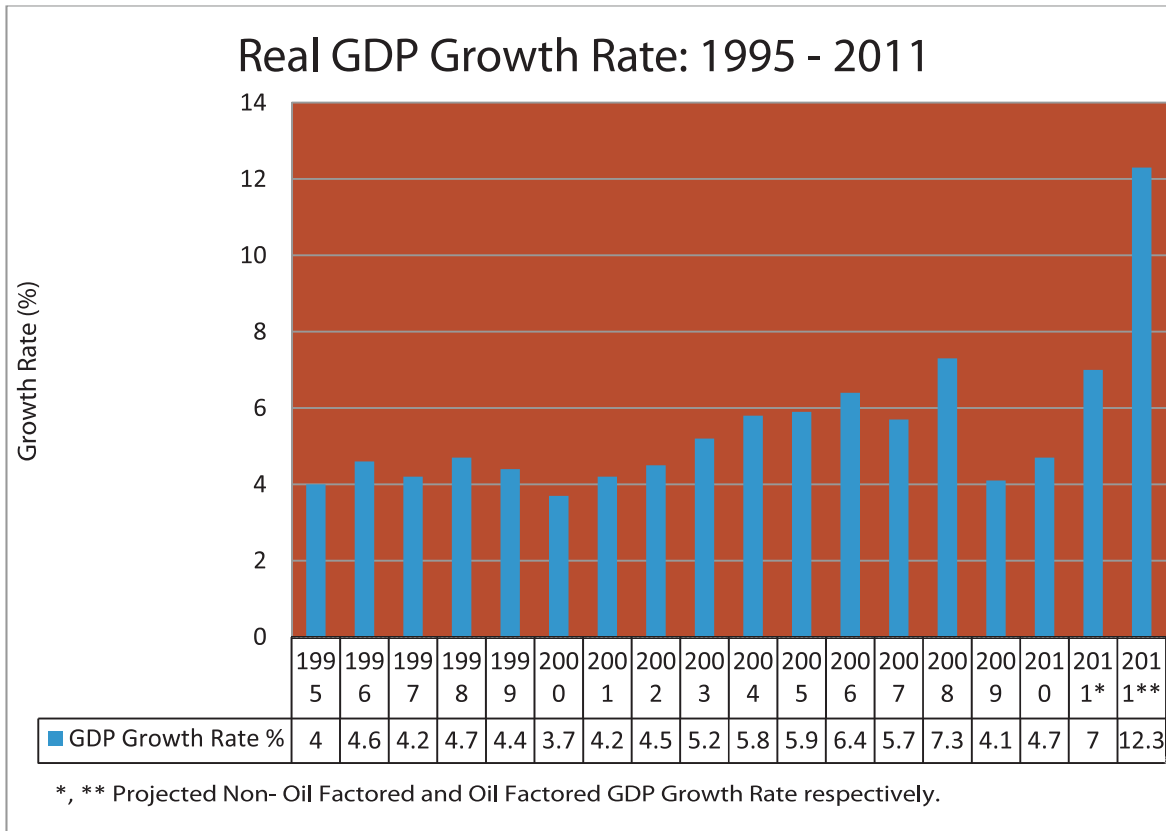
The stock of gross international reserves of Ghana at the end of October 2010 stood at US\$3,973.0 million from US\$3,164.81 million at the end of December 2009, enough to cover 3.2 months of imports of goods and services.



Source: Budget Statement and Economic Policy -2011 Financial Year



Source: Budget Statement and Economic Policy -2011 Financial Year



Source: The Coordinated programme of Economic and Social Development policies, 2010- 2016; MOFEP, 2008 and Ghana Statistical Service

4. Stock Market Report

4.1 Capital Market Overview

The Ghana Stock Exchange (GSE) celebrated its 20th year of operation in the year under review. By the close of 2010, there were 35 listed companies, 1 corporate bond issue, 106 Government of Ghana bonds and 21 stock broking firms licensed to deal on the exchange. Trading on the exchange continued to take place from Monday to Friday from 9.30 am to 3.00pm.

The operations of the GSE improved significantly with the utilization of the automated trading, clearing, and

settlement platform coupled with the electronic book-entry recording of ownership in listed securities provided by the Ghana Securities Depository Company Limited (GSD).

In the year under review, the GSE was adjudged the “Most Innovative African Stock Exchange for 2010” by the Africa investor (Ai) at their annual, prestigious Index Series Awards held in New York.

Below are current statistics on the market: (Dec 31, 2010)

Listed Companies	35
Listed Shares:	
<i>Ordinary shares</i>	35
<i>Depositary shares</i>	1
<i>Preference shares</i>	1
Listed Bonds	
<i>Corporate</i>	1
<i>Government-</i>	
<i>2-year</i>	96
<i>3-year</i>	7
<i>5-year</i>	3
Trading Days	254

Source: GSE Market Statistics

Currently there are 114 licensed securities market operators. They comprise 21 broker-dealers, 51 Investment Advisors, 12 Mutual Funds, 12 Unit Trusts, 9 Custodians, 3 Trustees, 4 Registrars, 1 Securities Depository and 1 stock exchange. This information is presented in the tabular list below:

TYPE OF MARKET OPERATOR	NUMBER
Broker -Dealers	21
Investment Advisors	51
Mutual Funds	12
Unit Trusts	12
Custodians	9
Trustees	3
Registrars	4
Securities Depository	1
Stock Exchange	1

4.2- Stock Market Review

The year 2009 saw the worst performance of the Ghana Stock Exchange in its 20-year history. Measured by the GSE All-share index, the stock market experienced a loss in index value from 10,431.64 points in 2008 to close at 5, 572.34 points in 2009, representing a year end change in index of -46.58%. The poor performance of the market was attributed to the ripples of the global financial crisis, and the stock market meltdown in Nigeria where a cross-listed stock, ETI, experienced heavy losses in its share price.

The market bounced back in 2010 with a much more positive outcome. The year started with a steady rise in the GSE All-share index which ended the first quarter at 6,014.34 points, a positive return of 7.93%. The index then ended the second quarter at 6, 528.28 points to record a year –to –date change of 17.22%. By the end of December, the index had risen by over 32% since the

beginning of the year. This gain was well above the 12.3% interest equivalent on 91-day Treasury bills. The market therefore outperformed Treasury bills and bank fixed deposits.

Among the major contributors to market liquidity were the banking stocks led by UT Bank, Ghana Commercial Bank, Ecobank Transnational, Cal Bank, and SG-SSB Bank. These together accounted for over 30% of the total volume of shares traded on the GSE in 2010. Other equities which recorded impressive trades were insurance stocks, agricultural stocks, Fan Milk Limited of the food & beverages sector and GOIL of the petroleum sector.

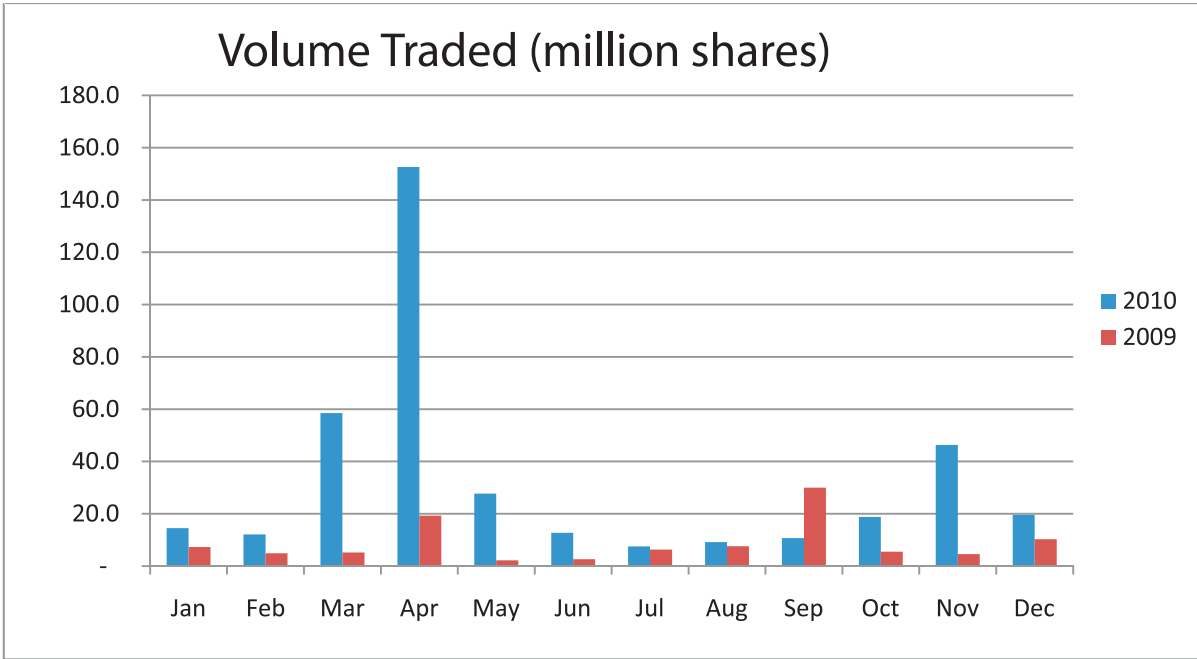
Turnover

The volume of shares traded per day averaged 1.53 million shares at an average value of 637,000 Ghana cedis. Turnover volume started off low at the beginning of the year, rose steadily during the first quarter and then peaked with the block trade of 141,024,085 shares of Ayrton Drug when Adcock Ingram completed its majority takeover of the company in April. Following this unusual peak, turnover volume went back to normal levels before rising again in the last quarter of the year. Further details of stock market performance are given in the tables and charts below:

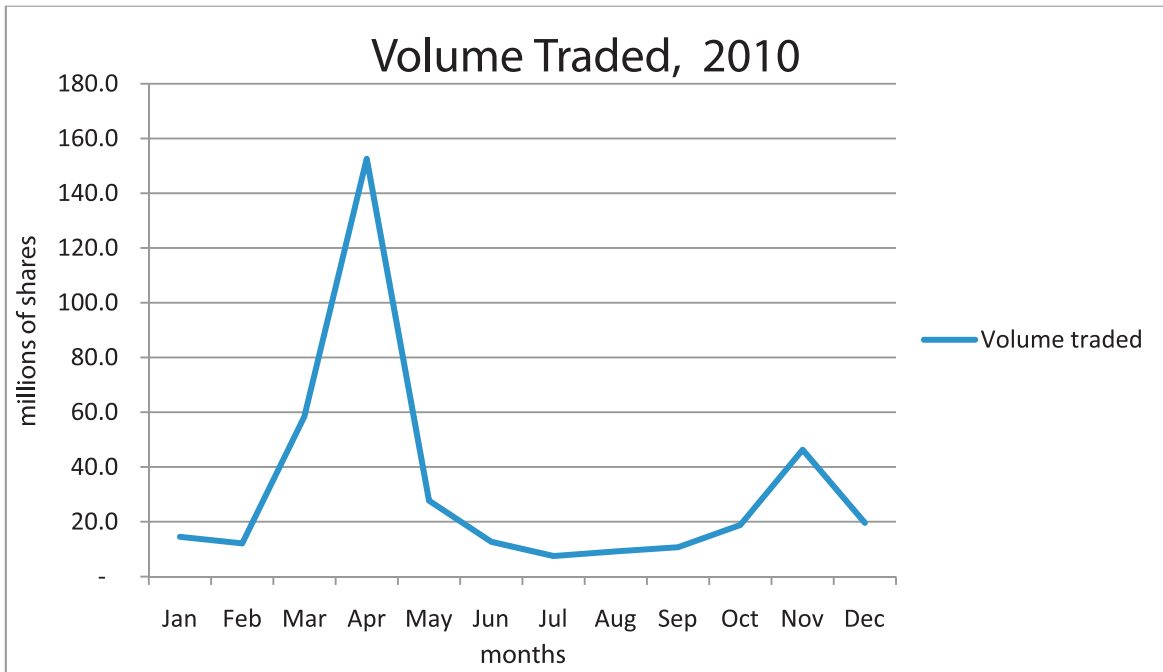
Volume Traded (millions of shares)

Month	2010	2009	2008
Jan	14.5	7.3	22.1
Feb	12.1	4.9	39.6
Mar	58.5	5.2	21.5
Apr	152.6	19.3	66.3
May	27.7	2.2	9.8
Jun	12.7	2.6	15.6
Jul	7.5	6.3	327.0
Aug	9.2	7.6	10.7
Sep	10.7	30.0	3.2
Oct	18.8	5.5	3.5
Nov	46.3	4.6	10.5
Dec	19.6	10.3	1.2
Total (Jan-dec)	390.2	105.8	531.0

Source: SEC



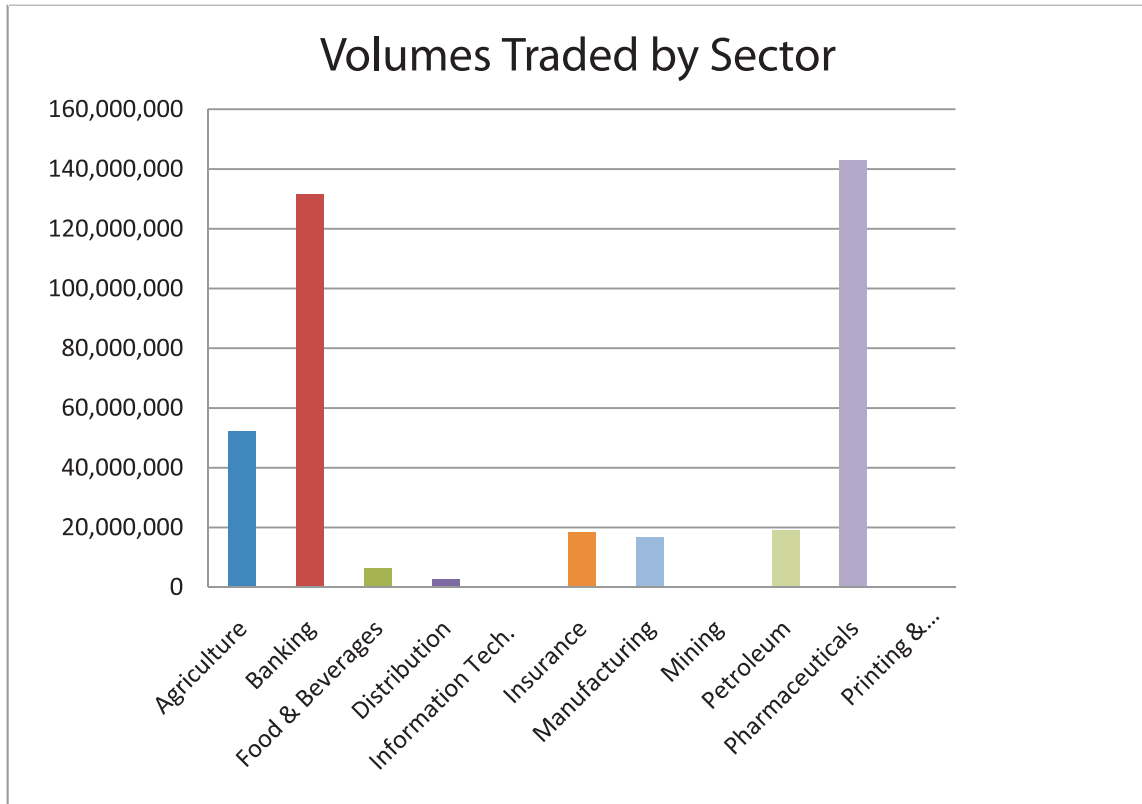
Source: SEC



Source: SEC

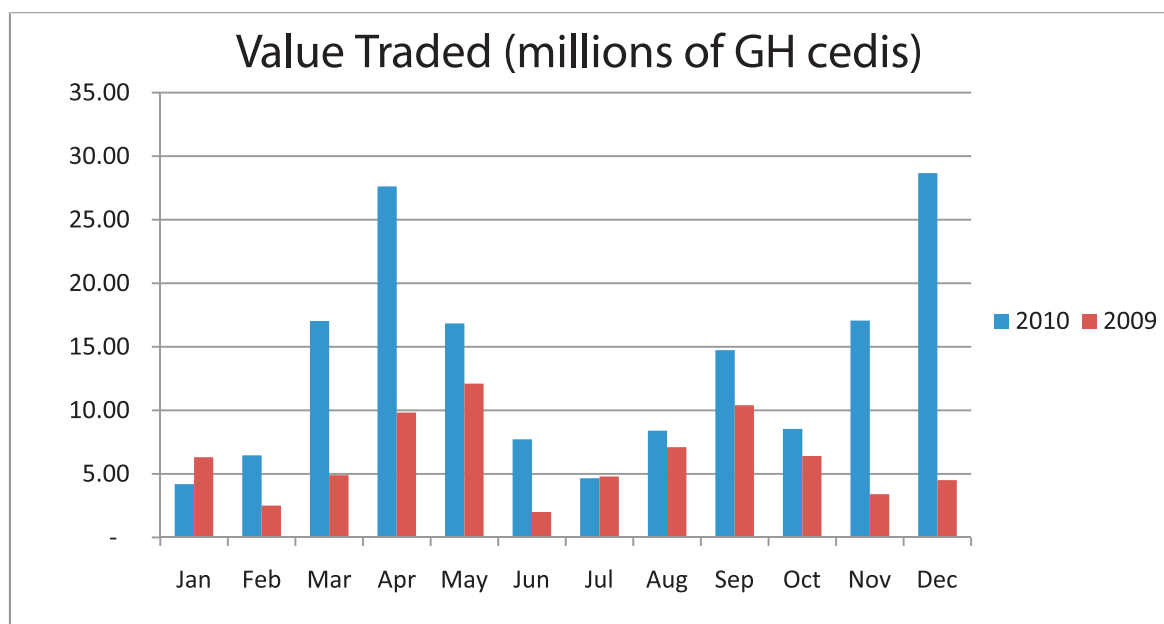
Market Performance by Sector

Sector	Volume Traded	% of Total Volume Traded
Agriculture	52,151,000	13
Banking	131,553,772	34
Food & Beverages	6,352,300	2
Distribution	2,571,900	1
Information Tech.	108,700	0
Insurance	18,248,801	5
Manufacturing	16,857,523	4
Mining	92,600	0
Petroleum	19,022,007	5
Pharmaceuticals	142,781,485	37
Printing & Publishing	159,000	0
Total	389,899,088	100



Source: SEC

Value traded for the year 2010 was GHC 161.80 million as against GHC 74.2 million traded in 2009.



Source: SEC

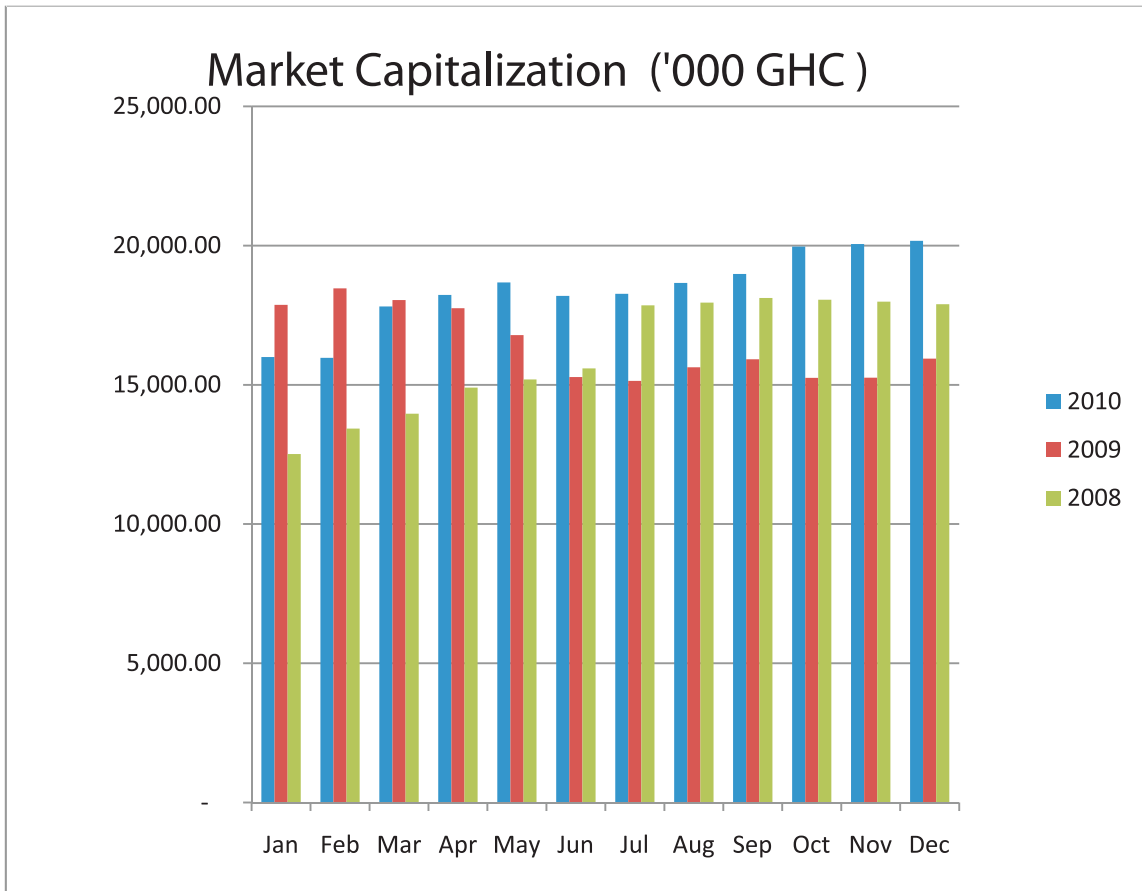
Market Capitalization

Market capitalization of companies listed on the Ghana Stock Exchange increased by GHC 4,174.78 million. The increase represents a gain of approximately 26% over last year's market capitalization. This performance was a result of average increases in share prices and volumes traded on the market, led by stocks in the financial sector.

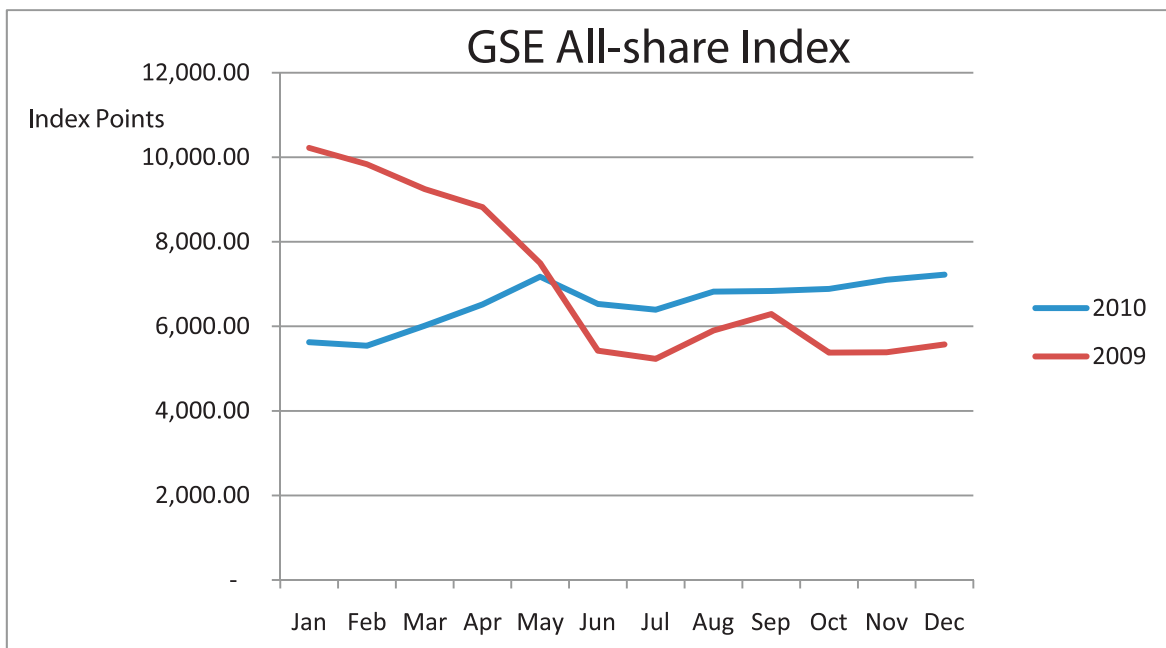
Market Capitalization (GHC million)

Month	2010	2009	2008
Jan	15,997.03	17,872.87	12,513.29
Feb	15,970.37	18,465.15	13,426.32
Mar	17,815.51	18,041.20	13,961.62
Apr	18,225.16	17,751.90	14,897.37
May	18,672.79	16,787.22	15,190.72
Jun	18,191.30	15,279.49	15,587.76
Jul	18,270.11	15,139.50	17,852.38
Aug	18,655.66	15,627.55	17,953.91
Sep	18,982.61	15,914.08	18,119.78
Oct	19,962.79	15,249.75	18,057.51
Nov	20,053.78	15,257.65	17,984.69
Dec	20,116.70	15,941.92	17,895.12

Source: Sec/GSE



Source: Sec/GSE



Source: Sec/GSE

4.3. The Primary Market

Primary market activities consisted of a bonus issue, a rights issue, a private placement and 3 initial public offerings.

1. Bonus issue of FML shares in the ratio of 5:1. Outstanding shares were increased from 19.8 million shares to 118.7 million shares. Consequently, the company's share price was reduced from GHC 10.57 to GHC1.76.
2. HFC Bank raised an amount of GHC 31,059,383 through a private placement of 54,888,313 shares.
3. Comet Properties Ltd. launched an initial public offering to raise GHC 62 million through the sale of 61.8 million shares. However the offer was unsuccessful.
4. Enterprise Group Limited (EGL) was formed by an exchange of one (1) existing share held in Enterprise Insurance Company Limited for five (5) new shares issued by EGL.

5. Dealers Industry

“A dealer is defined under the laws of Ghana to mean a person who carries on a business of dealing in securities whether he carries on any other business or not, and includes:

- a. a stockbroker*
- b. a share transfer agent*
- c. a trustee of a collective investment scheme;*
- d. a person who provides custodial services with regard to securities*
- e. a person who performs the functions of central securities depository and/ or provides securities clearing and settlement facilities*
- f. a registrar to a public issue of securities; etc*

There were 21 licensed Broker-dealers at the end of 2010, however only 18 of these were active members on the Ghana Stock Exchange. The stockbrokerage industry was characterized by price rally during the period.

Turnover (by value)

In value terms, total transactions in the industry amounted to GH¢273,182,192 compared to GH¢100,455,888 in 2009. Databank Brokerage Limited accounted for 41.3% of this amount with transactions totaling GH¢112,863,278. First Atlantic Brokers, which undertook the single largest transaction on the exchange in 2010 (ie the sale of Ayrton Drugs to Adcock Ingram) followed with 10% of the market valued at GH¢27,394,018. They were followed by African Alliance Securities with a 9.4% of the market worth GH¢25,730,435, and IC Securities with 8.6% worth GH¢23,425,891.

Turnover (by volume)

In 2010, Ghana's stock market began its recovery from the effects of the global financial meltdown. Although trading volumes in 2010 did not return to their 2008 levels, prior to the financial crisis, there was a marked improvement in 2010 over the dismal performance of 2009. Total volume of shares traded was 489,946,456

compared with 162,408,980 shares in 2009. This represented a growth in volume of over 300%. The market was dominated by First Atlantic Brokers and Databank Brokerage Limited which controlled 32% and 31% respectively, of the total volume of shares traded. The rest of the market players (except African Alliance) fell substantially behind with nominal market share of less than 5%. A summary of the performance of Broker-Dealers is provided in table 1 (Appendix D)

Clientele

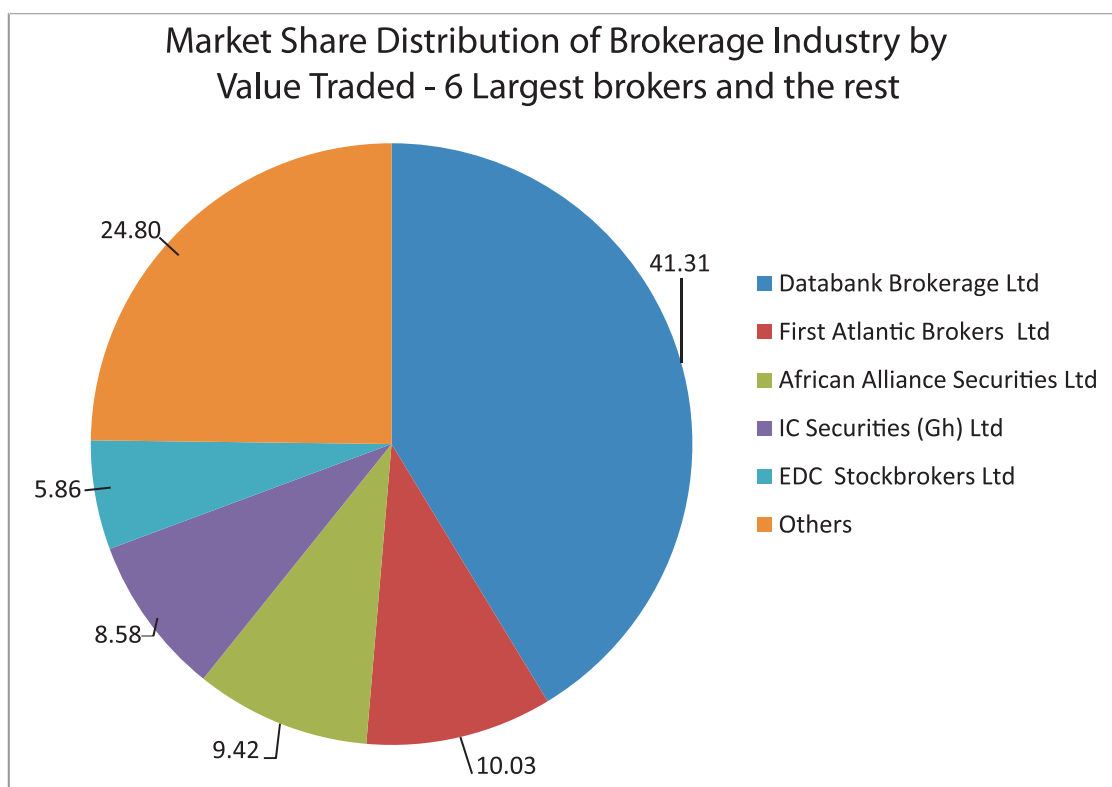
The total number of clients who invested via the Broker-dealers was 18,077. This was made up of 874 institutional clients and 17,203 retail clients. Five hundred and seventy-five (575) of the total 18,077 were also foreign, non-resident clients.

There was an 11% increase in the number of institutional clients from 2009 (788 clients) to 2010 (874 clients). On the other hand, retail clients fell from 39,822 in 2009 to 17,203 in 2010, representing a decline of 57%. It must be stated however that the unusually high number of retail clients recorded in 2009 was as a result of the registration and dematerialization process of the Ghana Securities Depository which took place that same year. Strategic African Securities had the highest number of clients totaling 5,352, followed by First Atlantic Brokers with 2,082 clients and Databank Brokerage Limited with 1,428 clients.

Table of Brokerage Clientele (2007-2010)

Year	Institutional Clients	% Change	Retail Clients	% Change
2007	1,300	-	9,141	-
2008	704	-45.9	10,636	16.35
2009	788	11.9	39,822 ¹	274.41
2010	874	11.1	17,203	-57

¹ The unusually high number of retail clients recorded in 2009 was a result of the registration and dematerialization process of the Ghana Securities Depository which took place that year.



6. Investment Advisory Industry

“An investment advisor under the laws of Ghana is a person who does all or either of the following:

- i. Carries on the business of advising others on securities; or*
- ii. As part of a regular business issues or publishes analysis or reports concerning securities; or*
- iii. Pursuant to a contract or arrangement with a client (whether on a discretionary authority granted by the client or otherwise) manages a portfolio of securities for the purpose of investment.”*

Funds Under Management

The total number of investment advisors licensed by the Commission in 2010 stood at 49 from 39 in 2009. Out of this number, 11 operators advised solely on securities and did not engage in the management of funds.

Total funds under management by the entire industry stood at GHC 980,655,926 by December 31, 2010. Of this figure, 42% (GHC 412,403,308.1) was mobilized during the year under review. There was also a growth of 46% in the funds under management from GHC 669,709,338 in 2009 to GHC 980,655,926 in 2010.

Portfolio Allocation

Most fund managers invested in both capital and money market instruments, with some making use of other investment instruments as well. Generally, a greater proportion of funds (about 55% of the industry total) went to the money market. Fidelity Asset Management had 100% of its portfolio in money market instruments, while NTHC Ltd had 99.98% of its portfolio in the money market.

Of those who invested more heavily in the equity market, Black Star Advisors led the pack with 98.7% of its portfolio in equities; followed by Cidan Investments with 68.2% and Frontline Capital Advisors with 45.5%. SIC Financial Services and Databank Asset Management also had high equity portfolio allocations - 42.4% and 40.9%, respectively.

Understandably, the bond market with its limited number of instruments received the least fund allocation. Dominant players on this market were HFC Investment Services with 76% of its portfolio in bonds, and First Atlantic Asset Management with 15.9%.

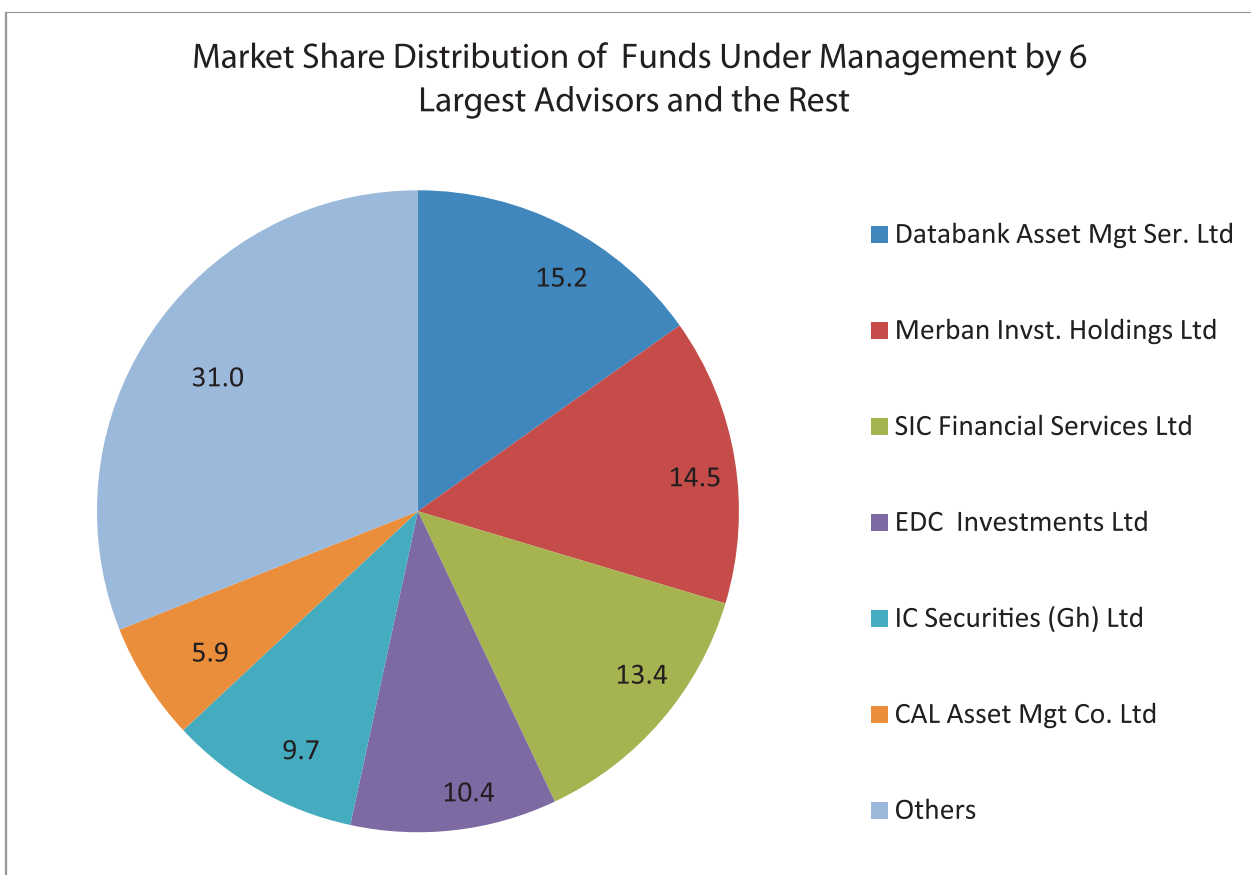
Collective investment schemes, cash and bank balances, and commercial paper were categorized as “Other investments”. This category represented over 21% of total industry investments, and was mostly accounted for by commercial paper/ debentures. Fund managers that were heavily invested in commercial paper included New World Renaissance with a 100% investment in commercial papers and Wealth Management Ltd with 90.6%. SIC Financial Services was the fund manager with the most diversified portfolio.

Clientele

The total number of investors having funds under management in 2010 was 19,165. This figure was made up of 1,823 institutional clients, an increase of 24% from the 2009 figure of 1,471; and 17,342 retail clients, a 9.3% increase in last years' figure of 15, 870.

Market Share Distribution

In terms of funds managed, over 70% of the investment advisory business in Ghana was controlled by the top 6 companies; namely Databank (15.2%), Merban Investment Holdings (14.5%), SIC Financial Services (13.4%), EDC Investments Ltd (10.4%), IC Securities (9.7%) and Cal Asset Management Ltd (5.9%). The rest, with the exception of Fidelity Capital Partners, have less than 5% share each of the funds market. A summary of the market's performance is provided in the chart below.



7. Collective Investment Schemes

“A Collective Investment Scheme is an arrangement that allows investors to pool their money under the management of a professional fund manager who is responsible for investing the pooled resources in specific investment opportunities. Persons who contribute to the scheme become part-owners of the fund's assets and share in the returns made on the investments. Collective investment schemes in Ghana take the form of either a Mutual Fund or a Unit Trust”.

The Collective Investment Scheme industry represents one of the fastest growing segments of the financial industry in Ghana. By the end of 2010, there were 24 collective investment schemes licensed by the SEC, up from 15 in 2009. They comprised 12 mutual funds and 12 unit trusts. Out of the 24, eight (8) Collective Investment Schemes operated as Equity Funds, 2 as Money Market Funds, 7 as Balanced Funds and only one (1) as a Real Estate Investment Trust (REIT). Four (4) Unit Trust Schemes licensed at the close of 2010 were yet to undertake their Initial Public Offering (IPO). Collectively, these funds have provided small investors the opportunity to participate in and reap the benefits of investing in the financial markets.

In 2010, the total net asset value of funds under the management of Collective Investment Schemes was GHC 193,307,218 representing a growth of 52% over the 2009 figure of GHC 127,036,217. Mutual funds contributed GHC 149,946,867 whereas unit trusts contributed 43,360,352 to the funds under management. Due to the improved performance of the stock market in 2010, most collective investment schemes performed better during the year, changing their annualized yield from the negative percentages recorded in 2009 to positive percentages that typically ranged between 20 and 40%.

Total amount of funds mobilized during the year by the investment schemes also rose by about 78% from 2009 to record GHC101,344,796 in 2010. This figure represented 52.4% of the total net asset value of the Collective Investment Scheme market in 2010. Comparatively, total redemptions fell by 3.9% to record GHC 64,581,444.53 in 2010. Hence, while total redemptions amounted to 52.9% of the net asset value of the industry in 2009, in 2010, it only represented

33.4% of their total net asset value.

The number of shareholders and unit holders in the schemes also rose from 153,910 in 2009 to 178,764 in 2010, an increase of over 16%. A summary of the performance of the Collective Investment Scheme industry is provided in Table 3 (Appendix D).

Mutual Funds

The total net asset value of all mutual funds licensed by the SEC increased from GH¢ 95,817,222.27 in 2009 to GH¢149,946,866.76 in 2010. The number of mutual funds also increased from 9 in 2009 to 12 in 2010.

The Money Market Fund (MFund) managed by Databank Asset Management Services Limited rose from 2nd position in 2009 to lead the market this year in terms of total net assets value. The Fund controlled 44.3% of the total net assets of the industry and mobilized 78% of total funds mobilized by the mutual funds in 2010.

Epack Investment Fund also managed by Databank Asset Management Services Limited followed with 43.9% of total net assets under management, and maintained its lead as the largest mutual fund in terms of shareholders with 55% of the industry's shareholders. The IFund Mutual Fund, managed by EDC Investments also maintained its third position with 5% of the industry's total net asset value, and 5% of total shareholders.

However, in terms of fund performance, the Fortune Fund managed by SAS Investment Management Limited outperformed the rest with an annualized yield

of 49.60%. It was followed by the Campus Mutual Fund and the Databank Balanced Fund with annualized yields of 36.96% and 36.38% respectively.

The most cost efficient mutual funds were new entrants Christian Community Mutual Fund, managed by Black Star Advisors and Heritage Fund, managed by FirstBanc Financial Services Limited with cost-efficiency ratios of 0.61% and 0.78% respectively. A summary of the performance of the mutual fund sub-sector is provided in table 5 Appendix D.

Unit Trusts

Unit Trusts licensed by the SEC doubled in number during the year, from 6 in 2009 to 12 at the close of 2010. Their total net asset value also increased from GH¢31,218,994.66 in 2009 to GH¢43,360,351.66 in 2010, representing a 39% growth. Although 12 had been licensed by the end of the year, only 6 unit trusts were operational during the year. All 6 returned positive annualized yields.

HFC Unit Trust, managed by HFC Investment Services Limited, maintained its lead with net asset value of GH¢26,826,035.04, representing 61.8% of total net asset value of the Unit Trust Market. It was followed by HFC REIT with GH¢9,593,259 representing 22.1% of

total net asset value. Gold Fund managed by Gold Coast Securities placed third with a net asset value of GH¢3,302,021.50 representing 7.6% of total net asset value.

HFC Unit Trust also led in terms of total amount mobilized by the Unit Trusts in 2010, accounting for 69.5% of the total; and in terms of unit holders, accounting for 69.9% of all unit holders. Total unit holder base increased from 24,147 unit holders in 2009 to 25,885 at the end of 2010, registering a 7% increase.

In terms of fund performance, HFC Future Plan Trust recorded the highest annualized yield of 40.2%. It was followed by Capital Growth Fund, managed by IC Securities with 37% and Gold Fund with 36%. HFC Unit Trust recorded a modest annualized yield of 12.5%.

Annual running cost of the Trusts as a percentage of net asset value (ie cost efficiency ratio) ranged from 2.44% to 7.45 %. Here again, the HFC Unit Trust was the most cost-efficient with a ratio of 2.44%.

Overall, despite its lower annualized yield, the HFC Unit Trust led the market on most of the performance indicators. A summary of the performance of the Unit Trusts sub-sector is provided in Table 3-5 (Appendix D)

Financial Statements

STATEMENT OF COMMISSIONERS RESPONSIBILITY

The Commissioners are required to prepare financial statements for the financial year which give a true and fair view of the state of the Commission and of the results for that period. In preparing those financial statements, the Commissioners are required to:-

- a. Select suitable accounting policies and then apply them consistently.
- b. Make judgements and estimates that are reasonable and prudent.
- c. State whether applicable accounting standards have been followed.
- d. Prepare the financial statements on a going concern basis.

The Commissioners are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Commission and to enable them ensure that the financial statements comply with the Securities Industry Law 1993(P.N.D.C. L;333)as amended by Act 590 ,2000.They are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

We have audited the financial statements on pages 46 to 55 which have been prepared under the historical cost convention and the accounting policies set out on page 49.

RESPECTIVE RESPONSIBILITIES OF COMMISSIONERS AND AUDITORS

These financial statements are the responsibility of the Commissioners. Our responsibility is to express an independent opinion, based on our audit, on these financial statements.

BASIS OF OPINION

We conducted our audit in accordance with generally accepted auditing standards and in accordance with section 13 of the Audit Service Act 584. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Commissioners in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion, proper books have been kept and the financial statements, which are in agreement therewith, comply with the Securities Industry Law 1993 (P.N. D.C L; 333) as amended by Act 590,2000 and give a true and fair view of the state of the Commission's affairs as at 31st December,2010 and of the income and cashflow for the year.



.....
OSEI KWABENA & ASSOCIATES
(CHARTERED ACCOUNTANTS)

April, 2011

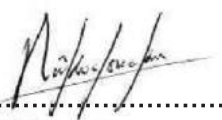
**INCOME STATEMENT FOR THE YEAR
ENDED 31 DECEMBER, 2010**

INCOME	Note	2010 GH¢	2009 GH¢
Ghana Government Subvention	2	1,440,424.39	1,083,290.28
Other Income	3	<u>1,560,194.40</u>	<u>1,094,835.96</u>
Total Income		<u>3,000,618.79</u>	<u>2,178,126.24</u>
 EXPENDITURE			
Emoluments and Allowances	4	945,622.64	786,547.27
Administrative Activity Expenses	5	1,142,266.25	755,346.01
Service Activity Expenses	6	<u>745,756.07</u>	<u>559,091.79</u>
Total Expenditure		<u>2,833,644.96</u>	<u>2,100,985.07</u>
 Excess of Income Over Expenditure Transferred to Accumulated Fund			
		<u>166,973.83</u>	<u>77,141.17</u>

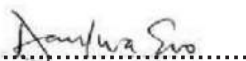
The attached notes 1 to 13 on pages 49 to 55 form an integral part of the financial statements and should be read in conjunction therewith.

BALANCE SHEET AS AT 31 DECEMBER, 2010

NON - CURRENT ASSETS	Note	2010 GH¢	2009 GH¢
Property, Plant and Equipments	7	<u>1,776,656.39</u>	<u>1,955,131.15</u>
CURRENT ASSETS			
Short-Term Investment	8	2,435,020.04	2,166,637.14
Receivables	9	395,877.53	298,369.32
Prepayments	10	8,038.64	26,886.55
Bank and Cash Balances	11	<u>440,351.37</u>	<u>442,185.24</u>
		<u>3,279,287.58</u>	<u>2,934,078.25</u>
TOTAL ASSETS		<u>5,055,943.97</u>	<u>4,889,209.40</u>
EQUITY AND LIABILITIES			
Accumulated Fund	12	5,046,433.73	4,879,459.90
CURRENT LIABILITIES			
Payables	13	<u>9,510.24</u>	<u>9,749.50</u>
TOTAL EQUITY AND LIABILITIES		<u>5,055,943.97</u>	<u>4,889,209.40</u>


.....

COMMISSIONERS


.....

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 GH¢	2009 GH¢
Operating Surplus	166,973.83	77,141.17
Adjustment for:		
Depreciation	<u>204,484.04</u>	<u>200,128.00</u>
	371,457.87	277,269.17
Changes in operating Assets and Liabilities		
(Increase)/Decrease in Short-Term Investment	(268,382.90)	(129,997.31)
(Increase)/Decrease in Receivables	(97,508.21)	2,767.01
(Increase)/Decrease in Prepayment	18,847.91	(8,885.55)
Increase/(Decrease) in Payables	<u>(239.26)</u>	<u>(14,287.05)</u>
Net Cash Inflow from Operating Activities	24,175.41	126,866.27
Investing Activities		
Purchase of Fixed Assets	<u>(26,009.28)</u>	<u>(91,228.13)</u>
Increase/(Decrease) in Cash Equivalent	<u>(1,833.87)</u>	<u>35,638.14</u>
 Analysis of Changes in Cash and Cash Equivalents		
Balance @ 01/01/2010	442,185.24	406,547.10
Net Change in Cash	<u>(1,833.87)</u>	<u>35,638.14</u>
Balance @ 31/12/2010	<u>440,351.37</u>	<u>442,185.24</u>
 Analysis of Balance of Cash as Shown in the Balance Sheet		
Bank and Cash Balances	<u>440,351.37</u>	<u>442,185.24</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2010**

1 ACCOUNTING POLICIES

The financial statements set out on pages 4 to 13 have been prepared in accordance with the following accounting policies.

a. Basis of Accounting

The financial statements have been prepared using the Historical Cost basis of accounting and in accordance with generally accepted accounting principles considered applicable to the Commission.

b. Depreciation

Depreciation is provided on a straight-line basis at rates, calculated to write-off costs the each fixed asset over its estimated useful economic life to the Commission. The rates applicable were:

Building	4%
Motor Vehicles	20%
Plant & Machinery	20%
Furniture, Fixtures & Fittings	10%
Office Equipment	15%
Household Equipment	15%
Household Furnishing	25%

c. Foreign Currency

Transactions denominated in foreign currencies are converted using the foreign exchange rates ruling at the date of the transactions. Balances held in foreign currencies are translated into cedis using the exchange rates ruling on the balance sheet date, 31 December, 2010.

d. Foreign Exchange Gain/ Loss

Foreign exchange differences (gain/ Loss) are included in the Income Statement for the year in which they are realized.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2010**

2	GOVERNMENT SUBVENTION - GH¢1,440,424.39	2010	2009
		<i>GH¢</i>	<i>GH¢</i>
	<i>This is made up as follows:</i>		
	Personnel Emolument	879,302.95	735,265.89
	Administration	456,487.44	307,514.39
	Services	<u>104,634.00</u>	<u>40,510.00</u>
		<u>1,440,424.39</u>	<u>1,083,290.28</u>
3	OTHER INCOME - GH¢1,560,194.40		
	<i>This is made up as follows:</i>		
	Licences Fees	149,878.00	124,955.00
	Investment Income	505,031.36	531,812.29
	Penalties	29,300.00	13,100.00
	Transactions Levy	411,252.77	212,841.25
	Prospectus Approval Fees	389,253.16	95,095.07
	Bidding Document Fees	4,380.00	-
	Interest On Staff Loans	1,622.16	250.80
	Foreign Exchange Gain	36,553.00	60,002.18
	Sponsorship -US SEC ARMDC	-	40,439.27
	FINSSP Support	17,753.95	-
	Sale of Mergers & Takeovers Code	2,480.00	-
	Sale of License Forms /Corporate Gov'ce Manual	<u>12,690.00</u>	<u>16,340.10</u>
		<u>1,560,194.40</u>	<u>1,094,835.96</u>
4	PERSONNEL EMOLUMENTS - G H ¢945,622.64		
	<i>This is made up as follows:</i>		
	Basic	563,230.34	448,438.75
	Employers Contribution	42,108.05	50,019.42
	Allowances	321,377.25	288,089.10
	Temporay Staff Salary	<u>18,907.00</u>	<u> </u>
		<u>945,622.64</u>	<u>786,547.27</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2010**

5 ADMINISTRATIVE EXPENSES - GH¢1,142,266.25	2010	2009
	<i>GH¢</i>	<i>GH¢</i>
<i>This is made up as follows:</i>		
Electricity and Water	8,381.49	7,603.49
Telecommunication	13,671.68	15,668.83
Postal Expenses	1,296.45	1,727.84
Security Service	45,203.63	40,869.16
Office Cleaning and Sanitation	23,010.83	17,619.88
Stationery and Office Supplies	23,028.64	17,364.18
Entertainment Allowance and Refreshments	40,409.83	31,010.10
Publications and Library Books	1,607.00	7,324.41
Subscriptions and Membership Fees	4,034.57	28,697.97
Newspapers & Magazines	8,771.00	-
Travelling and Transport	5,684.50	6,912.30
Vehicle Running Costs	94,243.81	91,456.06
Repairs and Maintenance:		
Official Vehicles	18,846.70	9,338.28
Furniture and Fittings	11,052.98	1,103.75
Property ,Plant and Equipment	22,027.99	13,399.38
Building	1,440.10	1,062.00
Insurance:		
Official Vehicles	31,095.94	4,586.26
Official Building	2,159.96	1,847.96
Plant and Equipment	-	312.00
Warm Clothing	-	-
Bank Charges	2,455.97	940.93
Consultancy Fees/Expenses	5,015.00	2,600.00
Medical Expenses	63,146.22	34,124.92
Audit Fees & Expenses	5,018.89	4,364.25
Donations and Contributions	2,480.00	3,500.00
Protocol	10,284.83	14,058.80
Legal Fees	311.00	500.00
Auction Proceeds to MOFEP	-	2,500.00
Staff Welfare Expenses	13,001.52	-
Bad Debt	200.00	-
	<hr/>	<hr/>
<i>Totals Carried Forward</i>	457,880.53	360,492.75

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2010**

	2010	2009
	<i>GH¢</i>	<i>GH¢</i>
<i>Totals Brought Forward</i>	457,880.53	360,492.75
Commissioners' Allow./Board Members' Fees	193,535.00	21,660.00
Staff Incentive Expenses	137,925.17	91,387.49
Contract Printing	37,984.60	50,038.75
Staff Utility	26,646.78	22,101.60
Outstation / Local Hotel Expenses	21,004.13	9,537.25
Staff Lunch	58,490.00	-
Staff Rent Subsidy	4,316.00	-
Depreciation	<u>204,484.04</u>	<u>200,128.17</u>
	<u>1,142,266.25</u>	<u>755,346.01</u>

6 SERVICE ACTIVITY EXPENSES - GH¢745,756.07

This is made up as follows:

Foreign Travel, Training & Conferences	548,381.72	371,341.13
Travel Insurance	1,700.00	2,835.60
Staff Local Training	13,599.91	10,152.00
Hire of Venue	17,991.06	47,776.75
Advertisement	14,077.25	7,970.79
Hotel Accommodation	114,470.87	114,452.73
Printing and Publications	-	80.00
Internet Connectivity Charges	3,677.26	4,482.79
Honoraria--Resource Persons	<u>31,858.00</u>	<u> </u>
	<u>745,756.07</u>	<u>559,091.79</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2010**

8 SHORT - TERM INVESTMENT - GH¢ 2,435,020.0 4

This represents investments in treasury bills stated at market value.

9 RECEIVABLES - GH¢395,877.5 3

This is made up as follows:

	2010	2009
	<i>GH¢</i>	<i>GH¢</i>
Staff Rent Advance	52,927.17	60,129.48
Ghana Government	90,815.66	-
Staff Car Loan	186,215.82	202,888.89
Staff Motorbike Loan	20,736.43	14,744.92
Auction Receivable	-	200.00
Personal Loan	28,834.65	20,146.03
Staff Salary Advance	16,037.80	-
Refund to GDHC Shareholders	310.00	260.00
	<u>395,877.53</u>	<u>298,369.32</u>

10 PREPAYMENTS - GH¢8,038.64

This is made up as follows:

Insurance Prepaid (Vehicle)	8,038.64	26,886.55
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11 BANK AND CASH BALANCES - GH¢440,351.37

This is made up as follows:

Bank of Ghana (Dollar Account)	317,079.02	204,563.89
Bank of Ghana (Cedi Account)	31,397.33	105,996.20
Ecobank Ghana Ltd. (Account No. 1)	41,384.36	88,390.01
Ecobank Ghana Ltd. (Account No. 2)	45,033.15	34,797.73
Petty Cash	46.08	65.88
Accountable Imprest	5,411.43	8,371.53
	<u>440,351.37</u>	<u>442,185.24</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2010**

12	ACCUMULATED FUND - GH¢5,046,433.7	3	2010	2009
			<i>GH¢</i>	<i>GH¢</i>
	<i>This is made up as follows:</i>			
	Balance @ 01/01/2010		4,879,459.90	4,802,318.73
	Excess of Income over Expenditure			
	Transferred from Income Statement		<u>166,973.83</u>	<u>77,141.17</u>
	Balance @ 31/12/2010		<u>5,046,433.73</u>	<u>4,879,459.90</u>
13	PAYABLES - GH¢9,510.2	4		
	<i>This is made up as follows:</i>			
	Electricity Company of Ghana		499.94	606.00
	Ghana Water Company Limited		34.09	107.27
	Vodafone		192.97	395.31
	IRS - PAYE		15.85	15.85
	SSNIT		1,119.46	1,119.46
	Audit Fees		5,208.64	4,364.25
	Security-Westech		-	2,966.34
	Staff Welfare Fund		2,431.77	167.50
	Provident Fund		<u>7.52</u>	<u>7.52</u>
			<u>9,510.24</u>	<u>9,749.50</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2010**

7 FIXED ASSETS SCHEDULE-G H ₵1,776,656.3 9

Cost/ Valuation	Land GH₵	Building GH₵	Motor Vehicle GH₵	Plant & Machinery GH₵	Motor Bicycles GH₵	Furn., Fix. & Fittings GH₵	Office Equipment GH₵	Household Equipment GH₵	Household Furnishing GH₵	Total GH₵
Balance @ 01/01/2010	932,845.00	722,952.00	329,305.00	117,620.00	11,075.00	160,542.15	317,227.00	10,404.00	60,000.00	2,661,970.15
Additions	-	-	-	-	-	7,610.87	10,398.41	-	8,000.00	26,009.28
Balance @ 31/12/2010	932,845.00	7	329,305.00	117,620.00	11,075.00	168,153.02	327,625.41	10,404.00	68,000.00	2,687,979.43
Depreciation		4%	20%	20%	15%	10%	15%	15%	25%	
Balance @ 01/01/2010	-	57,836.00	233,855.00	47,048.00	4,696.00	40,953.00	282,052.00	10,399.00	30,000.00	706,839.00
Charge for the Year	-	28,918.08	65,861.00	23,524.00	1,661.25	16,815.30	49,143.81	1,560.60	17,000.00	204,484.04
Balance @ 31/12/2010	-	86,754.08	299,716.00	70,572.00	6,357.25	57,768.30	331,195.81	11,959.60	47,000.00	911,323.04
Net Book Values:										
As @ 31/12/2010	932,845.00	636,197.92	29,589.00	47,048.00	4,717.75	110,384.72	(3,570.40)	(1,555.60)	21,000.00	1,776,656.39
As @ 31/12/2009	932,845.00	665,116.00	95,450.00	70,572.00	6,379.00	119,589.15	35,175.00	5.00	30,000.00	1,955,131.15

Appendices

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AIRPORT RESIDENTIAL AREA
ACCRA.
TEL : (021) 773102
FAX : (021) 766126
EMAIL : info@al-time.com.gh
WEBSITE : www.al-time.com.gh

SOROMA CAPITAL LTD.
NO. F65/6 CLOTTEY CLOSE
NORTH LABONE
P. O. BOX CT 1209
CANTONMENTS, ACCRA.
TEL : (021) 920805
FAX : (021) 777005
EMAIL : info@soromacapital.com
WEBSITE : www.soromacapital.com

QFS SECURITIES LTD.
SUITE 201, VERTICAL COURT
COMMUNITY 5, TEMA
P. O. BOX CS 8007
TEMA.
TEL : (021) 205500
FAX : (021) 207004
EMAIL : service@qfsgroup.com

ECOBANK VENTURE CAPITAL CO. LTD.
NO. 19 SEVENTH AVE.
RIDGE WEST, HEAD OFFICE
P. O. BOX AN 16746
ACCRA-NORTH.
TEL : (021) 681146-8
FAX : (021) 680435
EMAIL : evc@ecobank.com

FRONTLINE CAPITAL ADVISORS LTD.
NO. 8 OUT KOFI LINK
ELEVENTH LANE, KUKU HILL
OSU, ACCRA.

WEALTH MANAGEMENT LTD
NO.334 SALEM ROAD
OSU ACCRA

**GATEWAY INVESTMENT FUND
MANAGERS LTD**
NO. 40 AND 41 SENCHI STREET
AIRPORT RESIDENTIAL AREA
ACCRA
P. O. BOX AN 6681, ACCRA

RENAISSANCE AFRICA GROUP LTD
23 VOLTA STREET AIRPORT
RESIDENTIAL
P. O. BOX KA 30733
KOTOKA INTERNATIONAL AIRPORT
ACCRA
TEL: 233(21)777165
765888
FAX: 233(21)771459

GROFIN GHANA LTD
NO. 7 NME LANE AIRPORT
RESIDENTIAL AREA
PMB CT 95
CANTONMENT, ACCRA
GHANA
TEL: 23321774777
WEBSITE: www.grofin.com

ALCHEMY FINANCIAL SERVICES LTD
4 OBENASU CRESCENT CANTONMENTS
P. O. BOX CT 3445
ACCRA-GHANA
TEL: 233 21771587
FAX: 233 21771431

EM CAPITAL PARTNERS LTD
P. O. BOX PMB CT 243
CANTONMENTS
ACCRA-GHANA

**WEALTH VISION FINANCIAL SERVICES
LTD**
P. O. BOX GP 20842
ACCRA
TEL: 020 8180784

OASIS CAPITAL GHANA LIMITED
NO. 4A CHARLOTTEVILLE, OIC ROAD,
EAST LEGON, ACCRA, GHANA
P.O. BOX CT1169, CANTONMENTS,
ACCRA - GHANA
TEL: 233 302 522624
302 544011

IGS FINANCIAL SERVICES LTD
NO. 48
BLOCK G
TARKWA-GHANA

CAPSTONE CAPITAL LTD
NO. 35 LATEBU CRESCENT
EAST CANTONMENTS
ACCRA-GHANA

EMAIL: info@oasiscapitalghana.com

UNISECURITIES LTD
ROYALE CASTLE ROAD
KOKOMLEMLE, ACCRA
P. O. BOX AN 15367
ACCRA- NORTH

COLLECTIVE INVESTMENT SCHEMES (CIS)

DATABANK MONEY MARKET FUND LIMITED
NO. 61 BARNES ROAD, ADABRAKA
PMB, MINISTRIES POST OFFICE
ACCRA
TEL: 681404, 7010070
FAX: 681443, 669100
Email: : info@databankgh.com
Website: www.databankgroup.com

SAS FORTUNE FUND LIMITED
2ND RIDGE LINK, NORTH RIDGE
PO Box 16446
ACCRA.
TEL: 251546 - 9 / 7011770
Fax: 2515650-1/7010774
Email: sasltd@africaonline.com.gh

DATABANK BALANCED FUND LIMITED
NO. 61 BARNES ROAD, ADABRAKA
PMB, MINISTRIES POST OFFICE
ACCRA
TEL: 681404, 7010070
FAX: 681443, 669100
Email: : info@databankgh.com
Website: www.databankgroup.com

FIRST FUND LTD.
NO. 6 SOUTH LIBERIA ROAD
ADABRAKA, ACCRA.
KWAME NKRUMAH AVE
ADJOINING GRAPHIC RD
TEL : (021) 250624/250380
EMAIL : info@firstbancgroup.com
WEBSITE : firstbancgroup.com

EPACK INVESTMENT FUND LIMITED
NO. 61 BARNES ROAD, ADABRAKA
PMB, MINISTRIES POST OFFICE
ACCRA
TEL: 681404, 7010070
FAX: 681443, 669100
Email: : info@databankgh.com
Website: www.databankgroup.com

ANIDASO MUTUAL FUND LIMITED
1ST FLOOR, COCOBOD JUBILEE HOUSE
ADUM – KUMASI
P.O.BOX 3903
KUMASI.
TEL: (051) 91607-9/0243-854452
Fax : 051-31286/38203
Email: newgenerationghana@yahoo.com

iFUND MUTUAL FUND LTD.
2ND RIDGE LINK, NORTH RIDGE
HOUSE NO. 5
ACCRA.
TEL: 021-251720/251723-4

HFC UNIT TRUST
NO. 6 SIXTH AVE AMBASSADORIAL
ENCLAVE, WEST RIDGE, ACCRA.
P. O. BOX CT 4603
CANTONMENTS, ACCRA
TEL: (021)683891-3/664203/664214
FAX: (021) 664106
EMAIL : brokerage@hfcbank-gh.com

NTHC HORIZON FUND LIMITED
MARTCO HOUSE, ADABRAKA
PO BOX KIA 9563
AIRPORT
ACCRA
TEL: 238492 – 3
Email: nthc@ghana.com

CAMPUS MUTUAL FUND LTD.
HOUSE NO. D921/3, ADJACENT AMA
ASAFOATSE NETTEY STREET
P. O. BOX GP 14198
ACCRA.
TEL : (021) 669372-5
FAX : (021) 669371

DATABANK ARK FUND LIMITED
NO. 61 BARNES ROAD, ADABRAKA
PMB, MINISTRIES POST OFFICE
ACCRA
TEL: 681404, 7010070
FAX: 681443, 669100
Email: : info@databankgh.com
Website: www.databankgroup.com

HFC REAL ESTATE INVESTMENT TRUST
NO. 6 SIXTH AVE AMBASSADORIAL
ENCLAVE, WEST RIDGE, ACCRA.
P. O. BOX CT 4603
CANTONMENTS, ACCRA
TEL: (021)683891-3/664203/664214
FAX: (021) 664106
EMAIL : brokerage@hfcbank-gh.com

HFC EQUITY TRUST
NO. 6 SIXTH AVE AMBASSADORIAL
ENCLAVE, WEST RIDGE, ACCRA.
P. O. BOX CT 4603
CANTONMENTS, ACCRA
TEL: (021)683891-3/664203/664214
FAX: (021) 664106
EMAIL : brokerage@hfcbank-gh.com
WEBSITE : www.hfcbank-gh.com

GOLD FUND UNIT TRUST
21 DR. ISERT ROAD
NORTH RIDGE, NEAR THE ROYAL
DANISH EMBASSY
PO BOX GP 17187
ACCRA
TEL: (021) 256342/3
Fax: (021) 256344
Email: gcs@goldcoast.com

CAPITAL GROWTH FUND
IC SECURITIES LTD.
3RD FLOOR EASTERN WING
GHANA HOUSE, WEST BANK LANE
ACCRA.
TEL: 021-671285
FAX : 021-671287
EMAIL : icsecurities@icsecurities.com
WEBSITE : www.icsecurities.com

HFC FUTURE PLAN TRUST
NO. 6 SIXTH AVE AMBASSADORIAL
ENCLAVE, WEST RIDGE, ACCRA.
P. O. BOX CT 4603
CANTONMENTS, ACCRA
TEL: (021)683891-3/664203/664214
FAX: (021) 664106
EMAIL : brokerage@hfcbank-gh.com
WEBSITE : www.hfcbank-gh.com

CHRISTIAN COMMUNITY MUTUAL FUND
LTD
AWULAKPAKPA STREET
P. O. BOX GP 919
ACCRA- GHANA

HERITAGE FUND LTD
IC SECURITIES (GH) LTD.
3RD FLOOR EASTERN WING
GHANA HOUSE, WEST BANK LANE
ACCRA.
TEL: 021-671285
FAX : 021-671287

STANBIC INCOME FUND
VALCO TRUSTS HOUSE
P. O. BOX 2344
RIDGE - ACCRA

REGULAR INCOME FUND
IC SECURITIES (GH) LTD.
3RD FLOOR EASTERN WING
GHANA HOUSE, WEST BANK LANE
ACCRA.
TEL: 021-671285
FAX : 021-671287

AGGRESSIVE GROWTH FUND
IC SECURITIES (GH) LTD.
3RD FLOOR EASTERN WING
GHANA HOUSE, WEST BANK LANE
ACCRA.
TEL: 021-671285
FAX : 021-671287

SHORT-TERM CASH FUND
IC SECURITIES (GH) LTD.
3RD FLOOR EASTERN WING
GHANA HOUSE, WEST BANK LANE
ACCRA.
TEL: 021-671285
FAX : 021-671287

100% TREASURY FUND
IC SECURITIES (GH) LTD.
3RD FLOOR EASTERN WING
GHANA HOUSE, WEST BANK LANE
ACCRA.
TEL: 021-671285
FAX : 021-671287

FREEDOM FUND
LIBERTY CAPITAL (GH) LTD.
3RD FLOOR EASTERN WING
GHANA HOUSE, WEST BANK LANE
ACCRA.
TEL: 021-671285
FAX : 021-671287

B. List of Dealers and Investment Advisers Inspected in 2010

Broker-dealers

1. Worldwide Securities Limited
2. Prudential Securities Limited
3. IC Securities Limited
4. FirstBanc Financial Services Limited
5. Liberty Capital Limited
6. Merban Stockbrokers Limited
7. CDH Securities Limited
8. African Alliance Securities Limited
9. Black Star Advisors
10. SIC Financial Services Limited

Registrars

1. Merchant Bank Limited

Investment advisors

1. Worldwide Securities Limited
2. Boulders Advisory Limited
3. Prudential Securities Limited
4. All-Time Capital Limited
5. IC Securities Limited
6. FirstBanc Financial Services Limited
7. Liberty Capital Limited
8. Wealth Management Limited
9. CDH Securities Limited
10. African Alliance Securities Limited
11. Merban Investment Holdings Limited
12. Black Star Advisors
13. SIC Financial Services Limited

C. Training/Workshops and Seminars Attended by Staff of the SEC in 2010

- UNITAR E-Learning programs
Location: Online Program
- Regional Course on Combating Money Laundering and Other Financial Crimes
Location: Sierra Leone
- Workshop on Anti-Money Laundering and Combating the Financing of Terrorism Strategy for Ghana
Location: Accra
- Workshop for Parliamentary Sub-Committee on Finance
Location: Koforidua
- Finance for Lawyers
Location: Amsterdam
- IOSCO Africa Middle East Regional Committee Conference
Location: Accra
- US SEC Capital Market Programme
Location: USA
- Capital Market Development and Regulation Seminar
Location : USA
- Leadership for Senior Executives
Location: USA
- Emerging Markets Program
Location: SEC, Malaysia
- Risk-based Regulation
Location: UK
- SEC International Training Programme
Location: USA
- IOSCO Seminar/ Training Programme
Location: Spain
- Consumer Financial Education
Location: FSA, South Africa
- Investment Management School
Location: USA
- Financial Management for Non-Specialists
Location: Accra
- Ghana Bar Association Annual General Conference
Location: Tamale

D. Tables

BROKER-DEALER TRANSACTIONS IN LISTED EQUITIES AS AT DECEMBER 31, 2010

D. Table 1

BROKER-DEALER	TOTAL TRANSACTIONS		CLIENTS				MARKET SHARE % (BY VALUE)	MARKET SHARE % (BY VOLUME)
	Volume	Value (GHC)	Institutions	Retail	Local	Foreign		
1 African Alliance Securities Ltd	32,530,042	25,730,435	50	155	170	35	9.42	6.64
2 African Legacy Finance Ltd	nil		Nil	Nil	Nil	Nil	0.00	Nil
3 CAL Brokers Ltd	21,519,768	12,188,138.84	11	904	915	-	4.46	4.39
4 CDH Securities Ltd	1,197,958	1,120,708.18	9	152	161	-	0.41	0.24
5 Databank Brokerage Ltd	152,222,521	112,863,278.28	118	1,310	1,372	56	41.31	31.07
6 EDC Stockbrokers Ltd	-	16,018,431	15	100	113	2	5.86	nil
7 First Atlantic Brokers Ltd	156,322,750	27,394,017.60	162	1,920	2,082	-	10.03	31.91
8 First Banc Financial Services Ltd	Nil	Nil	Nil	Nil	Nil	Nil	Nil	nil
9 Gold Coast Securities Ltd	17,368,302	11,068,650	42	673	708	7	4.05	3.54
10 HFC Brokerage Services Ltd	2,845,337	2,925,180.30	58	1,105	1,121	42	1.07	0.58
11 IC Securities (Gh) Ltd	23,226,167	23,425,891.21	40	122	137	21	8.58	4.74
12 Liberty Capital Ghana Ltd	6,505,474	545,880.25	1	91	92	-	0.20	1.33
13 Merban Stockbrokers Ltd	17,000,200	6,627,297.15	35	503	533	5	2.43	3.47
14 New World Renaissance Ltd	19,279,100	10,931,769.49	22	202	205	19	4.00	3.93
15 NTHC Securities Ltd	5,584,675	5,505,885.52	14	1,541	1,533	22	2.02	1.14
16 Prudential Securities Ltd	3,338,779	1,561,239.57	23	671	694	-	0.57	0.68
17 Strategic African Securities Ltd	12,571,055	4,933,455.34	256	5,096	5,125	361	1.81	2.57
18 SDC Brokerage Services Ltd	5,556,614	4,775,473.62	nil	1,070	1,069	1	1.75	1.13
29 SIC Financial Services Ltd	11,409,565	5,284,419.73	17	1,375	1,388	4	1.93	2.33
20 Stanbic Investment Management Services Ltd	Nil	Nil	Nil	Nil	Nil	Nil	Nil	nil
21 Worldwide Securities Ltd	1,468,149	282,041.24	1	213	214	-	0.10	0.30
TOTAL	489,946,456	273,182,192	874	17,203	17,632	575	100	100

FUNDS UNDER MANAGEMENT AS AT DECEMBER 31, 2010 - INVESTMENT ADVISORS

D. Table 2

Investment Advisor	Total Funds Under Management (Gh¢)	Total Amount Mobilized (Gh¢)	Portfolio Allocation			Clients			Market Share %
			Capital Market (%)	Money Market (%)	Others (%)	Institution	Retail		
1 African Alliance Securities Ltd	Nil	Nil	Equity Nil	Bond Nil	Nil	Nil	nil	nil	Nil
2 African Legacy Finance Ltd	157,284	-	-	-	-	-	1	4	0.0
3 AL-Time Capital Ltd	10,859,402	9,433,789	1.18	-	94.2	4.61	85	235	1.1
4 Aureos Ghana Advisors Ltd	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5 Black Star Advisors Ltd	14,826,132	294,623	98.67	Nil	0.57	0.76	53	0	1.5
6 Boulders Advisors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
7 CAL Asset Mgt Co. Ltd	50,001,398	20,194,955	2.74	0.47	92.51	4.3	80	10	5.1
8 CDH Securities Ltd	7,987,777	5,850,981	7.05	-	90.76	-	75	554	0.8
9 Cidan Invest. & Adv. Serv. Ltd	2,748,334	960,851	68.18	-	26.95	4.87	5	92	0.3
10 Canal Capital Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
11 Databank Asset Mgt Ser. Ltd	265,622,168	101,438,438	40.94	-	-	58.47	54	85	27.1
12 Ecobank Invest. Mgers. Ltd	86,672	23,780	-	-	88	12	24	1	0.0
13 EDC Investments Ltd	87,532,676	28,863,104	22.17	0.38	56.85	20.59	67	60	8.9
14 Ecobank Venture Capital Co. Ltd	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
15 EM Capital Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
16 Fidelity Asset Mgt Ltd	20,852,502	13,828,066	-	-	100	-	45	19	2.1
17 Fidelity Capital Partners Ltd[1]	44,422,000	-	-	-	-	100	16	0	4.5
18 First Atlantic Asset Mgt. Ltd	25,117,195	6,591,713	0.97	15.94	42.71	40.44	5	20	2.6
19 FirstbanC Financial Serv. Ltd	7,322,145	8,519,438	-	-	74.25	25.75	9	38	0.7
20 Frontline Capital Advisors Ltd	265,113	247,363	45.52	-	54.47	-	0	8	0.0
21 Glico Financial Services Ltd.	1,508,806	745,054	1.15	-	32.54	66.31	5	80	0.2
22 Gold Coast Securities Ltd	8,783,124	4,591,715	12.1	-	60.4	27.6	48	26	0.9
23 HFC Investment Services Ltd	17,443,253	8,374,658	1.61	76.02	20.85	2.32	26	248	1.8
24 IC Securities (Gh) Ltd	81,533,876	-	0.52	-	81.68	17.8	25	799	8.3

FUNDS UNDER MANAGEMENT AS AT DECEMBER 31, 2010 – INVESTMENT ADVISORS

D. Table 2 (cont'd)

Investment Advisor	Total Funds Under Management (GH¢)	Total Amount Mobilized (GH¢)	Portfolio Allocation				Clients		Market Share %
			Capital Market (%)		Money Market (%)	Others (%)	Institution	Retail	
			Equity	Bond					
26 IFS Capital Ltd	369,774	209,267	8		92		0	8	0.0
27 JCS Investments Ltd	Nil	Nil	Nil	Nil	Nil		1	0	Nil
28 Liberty Capital Ghana Ltd	5,687,472	7,109,339	10		70		13	413	0.6
29 Merban Invest. Holdings Ltd	121,858,039	116,087,596	1.99	1.09	55.62		779	5,360	12.4
30 New Gen. Invest. Serv. Ltd	4,502,345	1,453,056	2.38		66.34		25	80	0.5
31 New World Renaissance Ltd	Nil	Nil	Nil	Nil	Nil		1	0	Nil
32 NTHC Ltd	34,850,374	21,583,385			99.98		143	6,828	3.6
33 PD Associates Ltd	Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil
34 Prudential Securities Ltd	-	-	-	-	-		3	0	Nil
35 QFS Securities Ltd	954,215	1,534,024	-	-	91.77		10	155	0.1
36 Renaissance Africa Group Ltd	-	-	-	-	-		8	0	Nil
37 SAS Investment Mgt Ltd	7,088,195	2,868,290	38.9		58.43		82	1,648	0.7
38 SDC Brokerage Services Ltd	4,137,379	2,719,832	0.29		99.71		32	76	0.4
39 SEM Capital Mgt Ltd	4,635,211	1,015,174	8.8	2.93	81.82		19	206	0.5
40 SIC Financial Services Ltd	112,529,676	40,057,947	42.45	0.99	52.77		40	44	11.5
41 Soroma Capital Ltd	Nil	Nil	Nil	Nil	Nil		Nil	Nil	Nil
42 Stanbic Invest. Mgt Serv. Ltd	28,712,553	-	9.35		90.65		26	20	2.9
43 UniSecurities Ghana Ltd	3,798,995	3,768,029	-	-	95.8		7	5	0.4
44 WorldWide Securities Ltd	-	-	-	-	-		1	213	Nil
45 Wealth Management Ltd	3,903,000	3,480,000	-	-	7.81		9	0	0.4
46 Wealth Vision Financial Ser. Ltd	558,840	558,840	-	-	55.1		1	7	0.1
TOTAL	980,655,926	412,403,308.11	12.1	2.8	55.3		1,823.00	17,342.00	100.0

Notes:

[1] The Dollar amount has been converted into Ghana Cedi as at December 31, 2010 exchange rate.

2 "Funds Under Management" includes pension funds, provident funds, endowment funds, private wealth and asset management clients. It does not include figures for Collective Investment Schemes managed by some fund managers. Those are captured separately under the Collective Investment Scheme subsector in Tables 3-5.

3 Commercial papers / debentures were captured under "Others" in the Portfolio Allocation of market operators

4 Note: Wealth Management Ltd. and New World Renaissance were heavily invested in CPs - 90.57% and 100% respectively

5 "Others" under Portfolio Allocation include cash and bank balances, commercial paper, investments in mutual funds/ unit trusts.

PERFORMANCE OF COLLECTIVE INVESTMENT SCHEMES IN 2010

D. Table 3

MUTUAL FUNDS		Manager of Scheme	Net Asset Value (GH¢)	No. of Shareholders	Scheme Performance (Annualized Yield %)
1	Anidaso Mutual Fund Ltd	New Gen. Investment. Ser. Ltd	753,764.15	1,164	33.17
2	Campus Mutual Fund Ltd	SDC Brokerage Ltd	331,758.36	1,316	36.96
3	Christian Community Mutual Fund Ltd	Black Star Advisors Ltd.	302,988.23	1,574	18.33
4	Databank Balanced Fund Ltd	Databank Asset Mgt. Serv. Ltd	3,596,737.29	5,036	36.38
5	Databank Ark Fund Ltd	Databank Asset Mgt. Serv. Ltd	1,855,343.33	3,113	34.85
6	EPACK Investment Fund Ltd	Databank Asset Mgt. Serv. Ltd	65,890,186.00	83,097	33.36
7	Fortune Fund Ltd	SAS Investment Mgt. Ltd	1,409,566.83	1,768	49.6
8	First Fund Ltd	First Banc Financial Services Ltd.	778,563.93	1,749	19.87
9	Horizon Fund Ltd	NTHC Ltd	943,148.31	1,323	24.88
10	Heritage Fund Ltd	First Banc Financial Services Ltd	161,107.14	851	3.29
11	iFund Mutual Fund Ltd	Ecobank	7,503,860.50	7,564	29.44
12	Money Market Fund Ltd	Databank Asset Mgt. Serv. Ltd	66,419,842.69	44,324	17.23
	TOTAL		149,946,866.76	152,879	
UNIT TRUSTS		Manager of Scheme	Net Asset Value (GH¢)	No. of Shareholders	Scheme Performance (Annualized Yield %)
1	Capital Growth Fund	IC Securities (Gh) Ltd	570,450.01	658	37.06
2	Gold Fund	Gold Coast Securities Ltd	3,302,021.50	2,495	35.9
3	HFC Equity Trust	HFC Investment Services Ltd	1,991,074.99	2,519	25.12
4	HFC REIT	HFC Investment Services Ltd	9,593,259	1,545	15.89
5	HFC Unit Trust	HFC Investment Services Ltd	26,826,035.04	18,116	12.49
6	HFC Future Plan Trust	HFC Investment Services Ltd	1,077,511.12	552	40.21
	TOTAL		43,360,351.66	25,885	

PERFORMANCE OF COLLECTIVE INVESTMENT SCHEMES IN 2010

D. Table 4

	Name of Scheme	Amount Mobilized in 2010 (GH¢)	Share of Total Amount Mobilized in 2010 (%)	Total Amount of Redemption	Share of Customer base (%)	Share of Total Net Asset (%)	Annualized Yield - 2010 (%)	Annualized Yield - 2009 (%)
1	Anidaso Mutual Fund Ltd	107,777.69	0.14	83,368.29	0.00	0.5	33.17	-19.52
2	Campus Mutual Fund Ltd	31,323.43	0.04	20,824.52	0.00	0.22	36.96	-10.48
3	Christian Community Mutual Fund Ltd	294,623.13	0.38	901.59	0.00	0.2	18.33	-
4	Databank Balanced Fund Ltd	1,396,013.13	1.81	678,526.22	0.00	2.4	36.38	-4.57
5	Databank Ark Fund Ltd	1,561,684.47	2.02	241,482.37	0.00	1.24	34.85	4.1
6	EPACK Investment Fund Ltd	8,587,927.67	11.12	12,362,372.85	0.00	43.94	33.36	-10.23
7	Fortune Fund Ltd	248,869.74	0.32	267,621.04	0.00	0.94	49.6	-22.74
8	First Fund Ltd.	907,646.75	1.18	196,993.26	0.00	0.52	19.87	-
9	Heritage Fund Ltd	161,221.00	0.21	1,225.29	0.00	0.63	3.29	-
10	Horizon Fund Ltd	169,442.26	0.22	41,569.44	0.00	0.11	24.88	-2.13
11	Ifund Mutual fund Ltd.	3,161,728.89	4.09	1,247,509.35	0.00	5	29.44	22.63
12	Money Market Fund Ltd	60,598,120.85	78.47	33,061,587.43	0.00	44.3	17.23	28.06
	TOTAL	77,226,379.01	100	48,203,981.65	0.00	100		
1	Capital Growth Fund	228,709.39	0.95	93,842.74	2.54	1.31	37.06	20.17
2	Gold Fund	1,123,821.25	4.65	543,412.22	9.63	7.61	35.9	-26.3
3	HFC Equity Trust	312,567.46	1.3	273,927.05	9.73	4.59	25.12	-19.94
4	HFC REIT	5,195,351.17	21.54	2,192,512.31	5.97	22.12	15.89	35.59
5	HFC Unit Trust	16,779,263.97	69.57	13,223,337.10	69.99	61.87	12.49	23.5
6	HFC Future Plan Trust	478,704.49	1.98	50,431.46	2.13	2.48	40.21	10.42
	TOTAL	24,118,417.73	100	16,377,462.88	100	100/AVERAGE-	28.0	1.9

PERFORMANCE OF COLLECTIVE INVESTMENT SCHEMES IN 2010

D. Table 5

Name of Scheme	Type of Scheme	Net Asset Value	Annual Running Cost (GH¢)	Cost Efficiency Ratio	Unit Price - Dec. 31/12/ 2010 (GH¢)
MUTUAL FUNDS					
1 Anidaso Mutual Fund Ltd	Equity Fund	753,764.15	10,695.00	1.42	0.2096
2 Campus Mutual Fund Ltd	Equity Fund	331,758.36	20958.95	6.32	0.1992
3 Christian Community Mutual Fund Ltd	Balanced Fund	302,988.23	1,838.61	0.61	0.2057
4 Databank Balanced Fund Ltd	Balanced Fund	3,596,737.29	129,055.40	3.59	0.1537
5 Databank Ark Fund Ltd	Balanced Fund	1,855,343.33	36,833.10	1.99	0.1393
6 EPACK Investment Fund Ltd	Equity Fund	65,890,186	1,644,282.33	2.5	0.9953
7 Fortune Fund Ltd	Equity Fund	1,409,566.83	58,295	4.14	0.2033
8 First Fund Ltd	Money Market Fund	778,563.93	16,827.82	2.16	0.1129
9 Horizon Fund Ltd	Equity Fund	943,148.31	24,429.80	2.59	0.1445
10 Heritage Fund Ltd		161,107.14	1,250.33	0.78	0.2066
11 iFund Mutual Fund Ltd	Balanced Fund	7,503,860.50	188,997.65	2.52	0.1495
12 Money Market Fund Ltd	Money Market Fund	66,419,842.69	727,832.93	1.1	0.2904
UNIT TRUSTS					
1 Capital Growth Fund	Balanced Fund	570,450.01	18,627.93	3.26	0.1591
2 Gold Fund	Equity Fund	3,302,021.50	126,413.70	3.83	0.1078
3 HFC Equity Trust	Equity Fund	1,991,074.99	106,358.00	5.34	0.1753
4 HFC REIT	Real Estate Fund	9,593,259.00	714,891.00	7.45	0.905
5 HFC Unit Trust	Balanced Fund	26,826,035.04	656,090.00	2.44	0.1814
6 HFC Future Plan Trust	Balanced Fund	1,077,511.12	41,442.00	3.85	0.7741

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