



## **DRAFT GUIDELINES FOR REGISTRAR OPERATIONS IN GHANA**

This Market Guidance Note is issued pursuant to the Securities Industry Law 1993 (PNDCL 333) as amended by Act 590 s.9 (d). The following guidelines are issued for the operations of a company acting as a Registrar for Issuers of securities in Ghana.

### **1. Public Offer**

- a) The Registrar shall receive the full details of allotments from the Lead Manager or depository onto its electronic register within the time stipulated in the offer document.
- b) Where an investor is not listed in the depository, physical certificates shall be issued by the Registrar to the investor.
- c) The Lead Manager shall send the completed public offer application forms to the Registrar.

### **2. Keeping and Updating of register:**

- a) The Registrar shall keep an electronic register, and maintain complete, accurate, reliable and frequently updated register.
- b) The register is to capture any changes in holdings resulting from transactions, mutual transfers by blood relations or through marriage, transmission upon the demise of a shareholder.
- c) All shareholders with depository accounts shall have their records updated through their brokers.
- d) The Registrar shall update the records of shareholders holding certificates.
- e) The Registrar shall then be required to update such records from the depository. The Registrar shall update records on a daily basis.
- f) Proper accounts must be kept by Registrar of blank, spoilt, defaced, destroyed or undelivered certificates.
- g) The registry system used must have the capacity to detect accounts that have moved within a given period.
- h) The register and its associated documentation must be kept in proper custody covered by procedural manual by the Registrar.

2A. **Security of Register**

- a) A documented disaster recovery manual and software maintenance agreement must be in place.
- b) The Registrar must have a documented procedural manual and adequate internal controls that address all the processes of its operations including the issue of indemnities to clients against loss of income.
- c) The register and its associated documentation must be kept in proper custody covered by a procedural manual in the offices of the Registrar.
- d) The Registrar shall take regular backup of data of the register and keep backup media in a fireproof safe at a remote location.

3. **Annual/Extraordinary General Meetings**

- a) The Registrar shall undertake all activities relating to its functions, Annual General Meetings and Extraordinary General Meetings as agreed with the Company Secretary in accordance with the Companies Act 1963, (Act 179).
- b) In addition the Registrar shall publish the notice of book closure to the public, mail all reports and accounts to shareholders, admit shareholders to the meeting and write a post
- c) AGM report to its clients with a copy to the Commission.

4. **Dividend**

- a) Dividend payments shall conform to Sections 71 to 73 of the Companies Act and any directives issued by the Commission or any other regulator.
- b) The Registrar shall open a new bank account within seven days after the declaration of every dividend and submit the account details to the Issuer for the transfer of the dividend.
- c) The Registrar shall control the bank account, file all Issuers' advice on transfer of dividends, and reconcile all dividend accounts with paid warrants on a weekly basis.
- d) The Registrar shall ensure that the Issuer transfers the total net dividend into the dividend account within thirty (30) days of the declaration of the dividend.
- e) All warrants shall be dispatched within fourteen (14) days after the receipt of the transfer of the total net dividend.

- f) No Issuer shall open a dividend account from which dividends would be paid to shareholders or pay dividends to shareholders directly.

**5. Unclaimed Dividend**

- a) Dividends become unclaimed 15 months after the dividend payment date.
- b) The Registrar shall advise the Commission of the details of all outstanding dividends on a yearly basis. The report shall reach the Commission no later than 90day after the financial year end.
- c) In addition the Registrar shall keep a register of details of unclaimed dividends for each dividend payment.

**6. Other Corporate actions**

- a) The Registrar shall undertake its functions relating all corporate actions of Issuers including bonus and rights issues.
- b) Where the register is held partially/fully by the depository, the depository shall update the records and these update shall be captured by the Registrar.

**7. Returns to the Commission**

- a) The Registrar shall submit all returns to the Commission as required by Regulation 33 of LI 1728 and any other report as the Commission may require.

**8. Handling of Complaints**

- a) The Registrar shall maintain a Complaints Register and follow a documented complaints procedure that indicates the status of resolution of complaints.
- b) Complaints that remain unresolved after thirty (30) days shall be communicated to the Commission for further action.
- c) Actions to be taken by the Commission to resolve the complaints will in accordance with the regulations.

**9. Establishment of good business practices**

- a) A Registrar shall establish good business practices including good corporate governance policies and practices and internal control systems and assurance.
- b) The above shall culminate into maintaining and enforcing procedures to supervise the activities of the organization to ensure compliance with the law.

**10. Reconciliation**

- a) The Registrar will reconcile its register with that of the depository every quarter and report on the results to the Commission as part of its quarterly reporting obligation.
- b) The reconciliation by the Registrar shall be the total number of shares held by the Registrar with the total number of outstanding shares of the Issuer at the end of every quarter.
- c) The report of the reconciliation shall be submitted to the Commission not later than 21 days after the end of the quarter.

#### **11. Agreement**

- a) The Registrar shall enter into an agreement with the Issuer for whom it provides services. Such agreement shall cover all expected roles of each party stating clearly activities to be performed by each party upon termination of the agreement.
- b) A copy of the agreement shall be filed with the Commission.
- c) Where the Commission finds a provision which is detrimental to the interest of investors, the Commission shall direct parties to amend and same shall be complied with.

#### **12. Termination of Agreement**

- a. The Issuer shall give notice to the Commission of a change of Registrar and shall provide reasons for the change to the Commission.
- b. Where a Registrar disengages with its service to an Issuer, the Commission shall be notified with reasons.
- c. The Commission may suspend or revoke the license of a Registrar in accordance with Section 62 of Securities Industry Law, 1993, PNDC Law 333.
- d. Notice of disengagement or termination will be made to the public and the Commission no later than a week of disengagement or termination.

#### **13. Transfer of register on termination of agreement**

- a. Notwithstanding the contents of the agreement referred to in 11 above, and in the event that the parties terminate the agreement for Registrar services but are unable to disengage amicably, the following IOSCO best practices and standards in relation to the migration process shall apply. The IOSCO provisions are stated below:
- b. Unless for some extraordinary reasons on the contrary it is explicitly stated in the contract between the outgoing Registrar and the Issuer, it will be assumed that the shareholder register and all related documentation belong to the Issuer and not to the outgoing Registrar.

- c. No Registrar should own an Issuer's register and documents upon termination of a Registrar's contract. The Registrar would be expected to hand over the register and all related documentation to the owner, ie the Issuer.
- d. The old Registrars must make themselves available to the Issuer and the new Registrar in the event that matters concerning the client or shareholders or other market operators crop up that predate the new Registrar's appointment to ensure that investors are protected at all times.
- e. The old Registrar would be required to hand over to the new Registrar a shareholders register which for the avoidance of doubt is defined as a live working database for use by the incoming Registrar. To this end the register shall comprise:
  - i. The full history, electronic and paper-based, of all shareholders and their transactions with supporting documents from IPO to date including shareholders with zero balances.
  - ii. These transactions include trades, transmissions, transfers, stop trade flags, liens, replacement certificates/warrants, change of personal details, participation in corporate actions (e.g. rights issues), dividend history etc.
  - iii. The incoming Registrar must also receive all dividend Entitlement Lists (including full narration needed to handle claims) and Unclaimed Dividend Registers balanced to the bank accounts for each year of payment.
  - iv. All transactions must have supporting documents.
- f. The old Registrar would be expected to hand over the register in the following format:
  - i. Two electronic copies of the full register including details (as above), alphabetically sorted and in the current format of the outgoing Registrar.
    - a. The old Registrar should give at least a three months notice period before termination.
    - b. The first soft copy will be sent to the incoming Registrar half-way into the notice period.
    - c. The day the contract terminates should be the day the new Register goes live.
    - d. The second electronic copy of the register will be sent to the incoming Registrar approximately two (2) weeks before the incoming Registrar goes live as the new Registrar to the Issuer.

- e. The Commission has to be notified if the final register cannot be delivered two weeks to contract termination.
  - f. The old Registrar will continue to act as Registrar and mop up activities and transactions within the two weeks the second and final copy of the register is handed over.
  - g. The new Registrar will update the register with the mopped-up data before its goes live.
  - h. After termination of contract the old Registrar has no responsibility for the register but will be expected to provide assistance to resolve disputes or issues relating to the period for which it was the Registrar.
- ii. One hardcopy print-out of the full register signed, dated and time-stamped and details (as above) sorted alphabetically, to be delivered to the incoming Registrar by the incumbent Registrar simultaneously with the electronic delivery of the electronic register.
- g. List of Shareholders
- i. The list of shareholders is a strategic database that will not be changed by the incoming Registrar but is simply a snapshot of the final register worked on by the outgoing Registrar.
  - ii. The old Registrar would be expected to handover the shareholders list in the following format: One Hardcopy; One electronic copy (excel spreadsheet format which need not be in the incoming Registrars layout)
  - iii. The above must be delivered simultaneously to the incoming Registrar before midnight on the day preceding the incoming Registrar's takeover of the register.
  - iv. The old Registrar would also be expected to hand over the following documents to the new Registrar:
    - 1. Initial Public Offer (IPO)/Rights Issue and Bonus Allotment Lists. These are static lists of shareholders who have successfully been awarded shares and are in hardcopy and printed alphabetically. The incoming Registrar will require the full set of IPO files containing all valid application forms
    - 2. IPO/Rights Issue Files. These are the files containing information relating to the corporate actions.
  - v. These are required to be reconciled back to the allotment list to support the new Registrar in handling disputes relating to IPO and also critically, for

signature verification purposes for certificated shareholder wanting to deposit their shares in the GSD.

h. Files containing all share transfer instruments

- i. This involves documents relating to the transfer of shares for whatever reason those shares were transferred.
- ii. The new Registrar will require the full audit trail of supporting documents concerning the transfers of shares between parties.
- iii. This will support dispute resolution in the event that shareholders challenge the fact that their shares were transferred to another individual, their signature on the transfer instruments will provide conclusive evidence.

i. Files containing correspondence with shareholders

- i. This will involve all letters, printed emails, and faxes exchanged between the Registrar and the client's shareholders.
- ii. The new Registrar will require the full audit trail of correspondence between the old Registrar and the client's shareholders.
- iii. These files will support the new Registrar to correctly handle any shareholder issues that may or may not have occurred such as a shareholder providing the wrong bank details or address which would lead to them not receiving their dividends or AGM material for example.
- iv. It will be important for the new Registrar to know the full extent of outstanding issues concerning the client's shareholder such that the new Registrar can support these shareholders in areas including sensitive issues such as transmission and indemnity cases.

j. Files containing correspondence with the Issuer

- i. This will involve all letters, printed emails and faxes exchanged between the Registrar and the client.
- ii. The new Registrar will require the full audit tail of correspondence between the old Registrar and the client.
- iii. The files will support the new Registrar to come up to speed on issues between the old Registrar and the client right up until the point of handover by the old Registrar such that the new Registrar can seamlessly handle client-related matters.

- iv. It will be important for the new Registrar to know the full extent of outstanding issues concerning the client as an Issuer such that the new Registrar can support the client.
  
- k. Files containing correspondence with regulatory bodies
  - i. This will involve all letters, printed emails and faxes exchanged between the Registrar and the regulatory bodies.
  - ii. The new Registrar will require the full audit trail of correspondence between the old Registrar and regulatory bodies.
  - iii. This will ensure that the new Registrar will immediately upon takeover of the register be able to access the level of compliance of the client on shareholder related matters and manage outstanding regulatory issues.
  - iv. It is also to avoid the new Registrar omitting to support the client on key matters outstanding issues.
  
- l. Files containing correspondence with brokers
  - i. This will involve all letters, printed emails and faxes exchanged between the Registrar and the brokers and the full audit trail of correspondence between the old Registrar and brokers.
  - ii. The new Registrar will require the full audit trail of correspondence between the old Registrar and brokers.
  - iii. A reason for this relates to any outstanding concerns brokers may have relating to shareholders wishing to open securities accounts in the GSD whereby their documentation must be verified by the Registrar and where such verification remains outstanding or there is a challenge on the Registrar's decision.

#### **14. Handover of Security Stationery**

- a) This relates to certificates, balance receipts, transfer receipts and warrants.
- b) Inventory shall be taken of all security stationery. Both parties shall sign and date the inventory list.
- c) The incoming Registrar will need all returned, cancelled certificates, balance receipts and transfer receipts from the outgoing Registrar.
- d) This will be required for reasons including shareholders who have deposited shares to be transferred into the GSD, so that the incoming Registrar can address any issues that arise



at a later date. In addition, the incoming Registrar will need to manage shareholders claiming that they never received their certificates through the post.

## **15. Processing of historical dividends**

- a) The outgoing Registrar shall hand over responsibility (upon the client's instruction) for the processing of historical dividends to the incoming Registrar.
- b) The outgoing Registrar must reconcile the unclaimed dividend register with the dividend bank accounts.
- c) The outgoing Registrar must provide a full and accurate unclaimed dividend register in hard and soft copy formats to the incoming Registrar that balances precisely to the funds held on account for shareholders to claim.
- d) The incoming Registrar would then continue the outgoing Registrar's unfinished work of processing historical dividends.
- e) In this case the incoming Registrar will require all dividend correspondence between the outgoing Registrars, the client's shareholders; the client and whichever banks that have been involved in the payment of dividends.

## **DEFINITIONS**

The following terms have the following meanings when used in these guidelines unless the context otherwise requires.

### **Registrar**

A dealer as defined in Section 142 of Securities Industry Law, as amended, Act 590 as a person or company appointed by an Issuer to maintain records of bondholders and shareholders of the Issuer and handle all corporate actions to ensure that the amount of shares outstanding in the market matches the amount of shares authorized by the Issuer.

### **Issuer**

Any company or legal person or undertakings, whose securities are listed or are proposed to be the subject of an application for listing.

### **Public offer**

The sale of equity shares or other financial instruments by an organization to the public in order to raise funds for business expansion and investment. This includes initial public offer and any subsequent bonus and rights offers.

### **Lead Manager**

The financial organization that is responsible for managing the sale of new bonds or shares in a company or loans that several banks have joined together in making.

**BY ORDER OF THE COMMISSION.**

**Dated at the Securities and Exchange Commission this ... day of .....**

DRAFT