



“ENSURING INVESTOR PROTECTION”

SEC *News*

Vol. #7 Issue 1

SECURITIES AND EXCHANGE COMMISSION, GHANA
QUARTERLY NEWS

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Members of the general public are advised to use the Commission's Toll Free Line 080010065 or Main Line 030768970-2 to contact the Commission on any issue they may have relating to the securities market and investments, including:

- Seeking general information about the securities market and products.
- Seeking information about licensed capital market operators.
- Reporting persons suspected to be operating in the securities market without a license.
- Reporting fraudulent investment schemes (e.g. ponzi schemes).
- Reporting fraudulent activities of capital market operators.
- Making complaints against capital market operators.

3Ds of the Capital Market

- . Don't lie**
- . Disclose fully**
- . Deal fairly**

Editorial

It is a new day at the Securities and Exchange Commission (SEC). It definitely feels like a new day with all the rapid changes that have occurred. To put it in context, the SEC gained its independence from the Bank of Ghana in 1998 and has since operated under the ambit of the Securities Industry Law, 1993 (PNDCL 333) and other regulations. For almost ten years, efforts have been made to amend the law and strides taken to achieve the International Organisation of Securities Commissions (IOSCO) requirements for signatories. Fast forward to 2016 - the Securities Industry Act, 2016 (Act 929) was outdoored, the Director-General, Dr. Adu Anane Antwi retired, new staff recruited after the lifting of a prolonged ban on recruitment and in January 2017, the Board of Directors of the Commission was dissolved. In the burst of all these activities, the concept of a revamped SEC has emerged. The Commission has the same vision and mission but is better placed to fulfill its mandate to protect investors. A revamped SEC calls for the rebirth of the SEC News. SEC News is the Commission's quarterly newsletter which educates, informs and inspires its audience. There is something in there for everyone. The re-birth means that the magazine gets a facelift, regular columns like SEC Updates and Knowledge Bank still feature but there also some exciting new additions - an opportunity to take a closer peak into the Commission, a social segment and many more.

Regulator and give you updates on the activities of the Commission. As a member of IOSCO, developments and activities of the body are very important to us. Knowledge Bank comes your way with relevant and interesting topics within our sphere of operation. We have also thrown in some social and ethical issues for good measure. Finally, apart from bringing you news from the market, we provide the market statistics that you have grown accustomed to.

SEC News promises to be exciting and relevant to our activities in the industry and to our lifestyles, and it is aesthetically pleasing too. We look forward to your suggestions and comments to make this newsletter even better. Enjoy!



The pessimist sees the glass as half empty... The optimist sees it half full... The investment adviser just adds whiskey

Know Your Regulator

The Sec Board

Did you know that the Securities and Exchange Commission is governed by an eleven-member Board, appointed by the president of Ghana in consultation with the council of state?

Members of the Board are called Commissioners and it is headed by a non-executive Chairman. Section 4 of the Securities Industry Act, 2016 (Act 929) requires the President to consider gender balance in his appointment and have regard to the expertise, knowledge and experience of the persons in matters relating to securities or investments. In this regard, the Board should consist of:

- a Chairperson, the Director-General; the two Deputy Directors-General;
- one representative each from Bank of Ghana and Ministry of Finance not below the rank of a Director;
- the Registrar-General;
- and four other persons comprising a lawyer qualified to be appointed a justice of the superior court of Judicature nominated by the General Legal Council;
- a chartered accountant nominated by the Institute of Chartered Accountants, Ghana;
- an academic researcher in a relevant field;
- and a woman.

The Commission's Board was dissolved on the 7th of January, 2017 with the change in government and the Commission is yet to be notified of its new Commissioners. It is worth noting, that the former Director-General, Dr. Adu Anane-Antwi went on retirement in December 2016 and the position became vacant. The Deputy Director-General, Legal in the person of Mr Alexander Williams is currently acting as the Director General, ably supported by Mr Lawrence Yirenkyi Boafo, the Deputy Director-General, Finance.

It is hoped that the second quarter of 2017 would bring with it the blessing of a complete governing body for the Commission.

SEC Updates

SEC Welcomes New Members of Staff

The passing and coming into effect of the Securities Industry Act, 2016 (Act 929) comes with an increase in the work activities of the Commission and hence the need to enhance its staff strength. At the beginning of the year, SEC welcomed new staff whose appointments took effect from 1st January, 2017. The new members of staff were taken through an induction programme held in the conference room of the Commission on 21st March, 2017. A day's programme to assist them settle into their new environment and responsibilities was handled by Dr. Charles Asembri who has a wealth of experience in the Capital Market. He is an immediate past Commissioner of the Securities and Exchange Commission. He served as General Manager for the Ghana Stock Exchange and later became the Director-General of the then Securities Regulation Commission, now Securities and Exchange Commission of Ghana.

Public-Private Partnership Arrangement for Office Accommodation Complex for Securities and Exchange Commission

The Securities and Exchange Commission (SEC) applied to the Ministry of Finance to develop a

permanent office accommodation under a Public-Private Partnership (PPP) Procurement Model at No. 30, 3rd Circular Road, Cantonments, Accra where it has operated out of a temporary facility since December 2007.

Based on a thorough assessment of the SEC's current accommodation, existing level of service and a review of the SEC's strategic objectives, a decision was made for a more permanent solution to SEC's office accommodation needs, including an anticipated growth in staff over the next five years. A contract was signed on 29th October, 2015 for the SEC to engage CPCS Transcom International Limited (CPCS), the successful applicant is to provide transaction advisory services for the project. The SEC is grateful to the World Bank for accepting to pay the consultancy fees for transaction advisory services of the project through the Public Investments Division of the Ministry of Finance.

A Request for Expression of Interest (ROEI) has been prepared by CPCS, reviewed by SEC's Project Delivery Team (PDT)* and submitted to the Ministry of Finance for advertisements to be placed on websites and in local newspapers.

Future activities pending include:

- Submission of Bid evaluation/process, report, selection and approval of preferred bidder to SEC's PDT for review and approval.

SEC Updates

- Submission of Bid Report to the Ministry of Finance for approval
- Negotiations, preparations and signing of relevant contracts.
- Submission and acceptance of report on financial close, project close-out and comprehensive PPP Management Plan.

*Project Delivery Team (PDT) of SEC is made up of staff from the SEC and a Commissioner, Ministry of Finance, AESL, Attorney General's Department and a consultant appointed by the SEC.

SEC Conducts Survey on Human Resource Capacity for the Capital Market

The Securities and Exchange Commission (SEC) during the first quarter of 2017 began an assessment of the Human Resource Capacity of the Capital Market. The aim of this exercise was among others, to assess the skill-set, skill-gap, geographical coverage and gender balance or distribution in the industry. It was also designed to collect, collate, analyse and disseminate data for diverse users and uses, including for monitoring and evaluation purposes. The deadline for the submission of the survey

questionnaire was 3rd April 2017.

SEC Organises Compliance and Anti-Money Laundering Officers' Forum

Compliance and Anti-Money Laundering Officers' Forum is a biannual event organised by the Securities and Exchange Commission (SEC) to discuss issues of mutual concern in order to improve the development of the Capital Market. The first forum for this year was held on Tuesday, 25th April, 2017 at the College of Physicians and Surgeons, Accra. The forum which was chaired by Mr. Yirenkyi Boafo, the Deputy Director-General, Finance and supported by various heads of departments of the Commission saw the number of participants increase to 138, from 86 in 2016 representing a 52% increase.

The opening remarks were delivered by Mr. Yirenkyi Boafo, the Deputy Director General, Finance. He welcomed the participants and thanked them for turning up in their numbers. He indicated that the forum was the Commission's first interaction with compliance officers since the coming into force of the new Securities Industry Act, 2016 (Act 929). Mr. Yirenkyi Boafo underscored the importance of the compliance officers in the Capital Market and related it to a Pricewaterhouse Coopers(PwC) and Ernst & Young (EY Report) in 2016, which indicated that a compliance officer's duty is not merely

SEC Updates

ticking boxes for regulatory compliance, but that of assuming a strategic role that ensures compliance with regulatory requirements and monitoring of business objectives. He continued that, with the coming into effect of the new Securities Industries Act, 2016 (Act 929), compliance officers are mandated to

a. be conversant with the Securities Industry Act, 2016(Act 929) and look out for any new guidelines, notices etc. by SEC.

b. identify any the opportunities within the Act and advise their management accordingly.

The various heads of department from the Commission spelt out various infractions committed by licensees of the Capital Market after which the floor was opened for contributions and questions.. Below are some of the frequent market malpractices/issues that were discussed at the forum:

. Related-party transactions mostly done by funds managers which the Commission frowns upon.

. Operating without a licence and renting of investment representative licence which comes hefty sanctions when caught.

. Incomplete and ineffective use of KYC forms by some of the funds management companies.

. An online portal being developed by SEC to improve the reporting on AML/CTF.

. How SEC is committed to sanctioning firms and officers who violate the rules of AML/CTF.

. How SEC intends to introduce minimum standard information that a KYC form must contain.

. How firms have flouted the required statutory processing period of 5days for the dematerialization of share certificates and penalties to be applied.

. The occurrence of negative balances on equity accounts.

. Increasing levels of failed trades is reaching an alarming rate .The last count for a period was around 1,500 and the prescribed sanctions would be applied



SEC Updates

- . Use of outdated accounting software by some of the firms giving conflicting reports at various time intervals.
- . Lack of record keeping and unsigned board minutes
- . Firms must have business continuity plans in order to be able to operate after a disaster.

SEC Organises Anti-Money Laundering Reporting Officers (AMLROS) Forum

Anti-money Laundering are a set of rules, procedures, laws or regulations designed to stop the practice of generating income through illegal activities. Throughout financial markets, globally, efforts have been increased to ensure that the major goal of protecting the integrity and stability of the international financial system by cutting off resources available to terrorists, and making it more difficult for those engaged in crime to profit from their criminal activities, is achieved.

Pursuant to the above, the Audit and Risk Management Department on behalf of the

Commission collaborated with the Executives of the Association of Capital Market Anti-Money Laundering Reporting Officers (ACAMRO) to organise its first forum in 2017 at the Science & Technology Policy Research Institute (STEPRI), Accra on March 29, 2017. The forum was attended by eighty one participants, also known as AMLROs who benefitted from various presentations from experienced anti money laundering officials in the Capital Market. The first presentation on “Identification and Verification of Institutional Clients and KYC/CDD” was delivered by Mr. Davies Adu Amponsah, Deputy Compliance Officer, Prudential Securities Limited. This was followed by a presentation from Mr. Seth Amoako, Head of Compliance Department of FIC titled “Identification of Emerging Money Laundering (ML)/Terrorist Financing(TF) risks in the Financial Sector”

The forum which was well attended had the following objectives:

- 1.** To further educate the AMLROs on the appropriate methods of identifying and verifying institutional clients and to distinguish between Customer Due Diligence(CDD) and Know your Customer(KYC);
- 2.** To decide on a name for the Association and to adopt the Constitution for the Association;
- 3.** To approve the number of training programmes to be organized by the Association in 2017;

SEC Updates Cont'd

4. To receive feedback from AMLROs on challenges confronting them in completing the questionnaires for the Commission;

5. To approve of a design for the Association's website;

Early Bird” for the Quarter

Mr. Christian Ababio of the Human Resource Department has been adjudged the most punctual employee for the period Jan – Mar 2017. SEC News congratulates him on being the “Early Bird” for the quarter.

IOSCO Updates

Ag. Director-General of SEC Becomes AMERC Chairman

The Africa/Middle-East regional Committee (AMERC) is one of four Regional committees constituted by International Organisation of Securities Commissions (IOSCO) to focus on regional issues relating to securities regulation in the African / Middle-East region. The decision to set up the AMERC working group on listing was taken at the 37th AMERC meeting on the sidelines of the 41st IOSCO Annual meeting

which was held in Lima, Peru in 2016. At the committee's 38th meeting held in Abu Dhabi, UAE in February, 2017, a call for volunteers was made, to which Kenya, Egypt, Ghana, Morocco, Nigeria, and Uganda responded and indicated their readiness to be part of the working group out of which Mr. Alexander Williams, the Ag. Director-General of SEC, Ghana was chosen to become the chairman.

IOSCO Approves the Enhanced Standard for Cross-Border Enforcement Cooperation

Members of the International Organization of Securities Commissions (IOSCO) have approved the Enhanced Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (EMMoU), which offers securities regulators new enforcement powers for responding to the challenges arising from recent developments in global financial markets. Since its launch in 2002, the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (MMoU) has provided securities regulators around the world with key tools to fight cross-border financial fraud and misconduct that can weaken global markets and undermine investor confidence. For 15 years, regulators have used the MMoU to help ensure effective global cooperation and strengthen

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international securities markets. Despite this huge success, securities markets have undergone sweeping changes in recent years, driven by things such as new technologies and regulation, and the growing role of market-based finance. These forces have spurred IOSCO on to develop an enhanced standard on cross-border enforcement information exchange that goes beyond the MMoU and responds to recent market developments.

The EMMoU, however, provides for additional enforcement powers that IOSCO believes are necessary for continuing to safeguard the integrity and stability of markets, protect investors, and deter misconduct and fraud. The phrase “ACFIT powers”, has been used as a representation to enable members :

A: Obtain and share **Audit** work papers, communications and other information relating to the audit or review of financial statements;

C: Compel physical attendance for testimony (by being able to apply a sanction in the event of non-compliance);

F: Freeze assets if possible or, if not, advise and provide information on how to freeze assets, at the request of another signatory;

I: Obtain and share existing **Internet** service provider records (not including the content of communications), including with the assistance of a prosecutor, court or other authority, and to obtain the content of

such communications from authorized entities; and

T: Obtain and share existing **Telephone** records (not including the content of communications), including with the assistance of a court, prosecutor, or other authority, and to obtain the content of such communications from authorized entities.

Social

To Forgive or Not to Forgive

A news item in August 2016 had it that a sixty-nine year old man vandalized his deceased friend’s grave because he claimed his friend stole \$300 from him fifty-six years earlier.

Two years before he was caught, he had sprayed the man’s tombstone with orange spray twice and a year after had poured a black tarlike substance on the grave. When the man was arrested, he pleaded guilty to the vandalism and told the police that he would pay back restitution minus the \$300 he was owed over fifty-six years ago.

It is pathetic that someone could keep and nurture a grudge for fifty six years. Chances are that the dead man may never have thought about the issue while he lived and may not have even known that his friend held a grudge against him. But come to think of it, even if the dead man stole the \$300 from his friend, was the fifty-six years of holding the grudge worthwhile?

Social

The story above may sound odd, but how many of us given a moment of reflection would not have a story or two to tell about grudges we may have held on to in the past or are still holding on to. The question is who bears the consequences of unforgiveness? Studies have found that people who nurture grudges are more likely to experience severe depression and post traumatic disorders as well as other health conditions.

Of all cancer patients, 61 percent have forgiveness issues, and of those, more than half are severe, according to research by Dr. Michael Barry, a pastor and the author of the book, *The Forgiveness Project*. Anger can make high blood pressure worse. The truth is: Unforgiveness just might kill you faster than Hepatitis C, liver disease, or heart disease. It can be more dangerous than cancer. Like cancer, it spreads and can create cellular changes in your body. Carrying a grudge or holding on to anger can cause a lot of damage to everyone, especially for a person who has liver disease.



If unforgiveness can cost you this much, won't you rather forgive and live and be in good health? If you are holding on to a grudge, let it go (it's worth it) lighten up and live.

There is so much more to live for. **Written by Lilian Danso Affum, Securities and Exchange Commission, Ghana .**

Is there Hope for Future Generations?

I recently read a poem entitled Children Learn What They Live by Dorothy Law Nolte, Ph.D and I thought it would be good sharing. It is as follows:

If children live with criticism, they learn to condemn.

If children live with hostility, they learn to fight.

If children live with fear, they learn to be apprehensive.

If children live with pity, they learn to feel sorry for themselves. If children live with ridicule, they learn to feel shy.

If children live with jealousy, they learn to feel envy. If children live with shame, they learn to feel guilty.

If children live with encouragement, they learn confidence. If children live with tolerance, they learn patience.

If children live with praise, they learn appreciation. If children live with acceptance, they learn to love.

If children live with approval, they learn to like themselves.

If children live with recognition, they learn it is good to have a goal. If children live with sharing, they learn generosity.

If children live with honesty, they learn truthfulness. If children live with fairness, they learn justice.

1Dorothy Law.
(, <http://www.cdatribe-nsn.gov/eclctribal/eclc/poem3.pdf>)

Social

If children live with kindness and consideration, they learn respect.

If children live with security, they learn to have faith in themselves and in those about them.

If children live with friendliness, they learn the world is a nice place in which to live.

While some may say this is debatable and have examples of children who may have lived with all the positives but came up with the worst outcomes or vice versa, I can only add on and hope that some, if not all, may be true. No harm in trying. In saying so, I say, that this is true and therefore those of us who need some changes are better off making the prayerful changes that are essential and those who are doing well prayerfully hope that the end will show. The bible says the end of a thing is better than its beginning. I want to focus on the need for drastic change and I want to do that with a national outlook in mind. It looks as though nationwide, we need to take advantage of this open window which Dr. Dorothy Law Nolte elaborates on. In dealing with HIV, UNICEF sees “this as a window of hope in dealing with the issue early among young people”. The Ghanaian child and youth can be the window of hope opened for Ghana in all aspects of her existence. I therefore offer my rendition:

“If today’s Ghanaian children live with respect, they will grow to learn not to insult an adult simply because he is contesting for a political position opposite to their

ideology. If Ghanaian children learn that rubber/polythene is a menace and destroys the environment, they will grow to make decisions that protect the environment.

If Ghanaian children learn that you can only spend what you rightfully earn, they will not accept bribes and reject the notion that you can actually reap where you have not sown.

If Ghanaian children learn that Ghana is our homeland and we must make it what we want it to be, they will help build a better Ghana and not want to destroy it and leave to seek greener pastures.

If Ghanaian children learn to treat others the way they would like to be treated, then whichever profession they find themselves in, they will value the fiduciary roles they play and not put their interest above the general public interest.

Apart from schools, the home is the main place to teach these values. Parents must spend enough time with these children we call “Ghana’s Window of hope, or the next generation” to make that impact on their lives and ensure that this ‘hope’ doesn’t elude us. The bible has a perfect strategy to ensure that this happens. First it must not be part of a wish list but rather a deliberate action that targets and aims at something and ensure you actually achieve it. Permit me to share the strategy it offers:

- 1.** First believe in it ourselves enough to internalize it and keep it in our hearts.
- 2.** Then teach it by impressing them on your children.

3. Talk about them when you sit at home
4. Talk about them when you walk along the road
5. Talk about them when you lie down
6. Talk about them when you get up.
7. Tie them as symbols on your hands
8. Bind them on your foreheads.
9. Write them on the doorframes of your houses and on your gates

Now this drastic approach will ensure that Ghana's future believe in nothing but the values we instill in them. Does anybody want to agree to this and in his/her small way work at this?

Written by Naomi Simpson, Securities and Exchange Commission, Ghana

Always Go the Extra Mile

Kwegyir and Henry joined a company together a few months after their graduation from university. After a few years of work, their Manager promoted Kwegyir to a position of Senior Sales Manager, but Henry remained in his entry level Junior Sales Officer position. Henry developed a sense of jealousy and disgruntlement, but continued working anyway. One day Henry felt that he could not work with Kwegyir anymore. He wrote his resignation letter, but before he submitted it to the Manager, he complained that Management did not value hard working staff, but promoted only the favoured.

The Manager knew that Kwegyir worked very hard for the years he had spent at the company; even harder than Henry and therefore he deserved the promotion. So in order to help Henry to realise this, the Manager gave Henry a task. "Go and find out if anyone is selling water melons in town?" Henry returned and said, "yes there is someone!" The Manager asked, "how much per kg?" He drove back to town to ask and then returned to inform the Manager; "they are GH¢13.50 per kg!" The Manager told him, "I will give Kwegyir the same task that I gave you. Please pay close attention to his response!" So the Manager said to Kwegyir, in the presence of Henry, "go and find out if anyone is selling water melons in town?" Kwegyir went to find out and on his return he said, "Manager, there is only one person selling water melons in the whole town. The cost is GH¢49.00 for each water melon and GH¢32.50 for a half melon. He sells them at GH¢13.50 per kg when sliced. He has in his stock 93 melons, each one weighing about 7kg. He has a farm and can supply us with melons for the next 4 months at a rate of 102 melons per day at GH¢27.00 per melon; this includes delivery. The melons appear fresh and red with good quality, and they taste better than the ones we sold last year. He has his own slicing machine and is willing to slice for us free of charge. We need to strike a deal with him before 10am tomorrow and we will be sure of beating last year's profits in melons by GH¢23,000. This will contribute positively to our overall performance as it will add a

Social

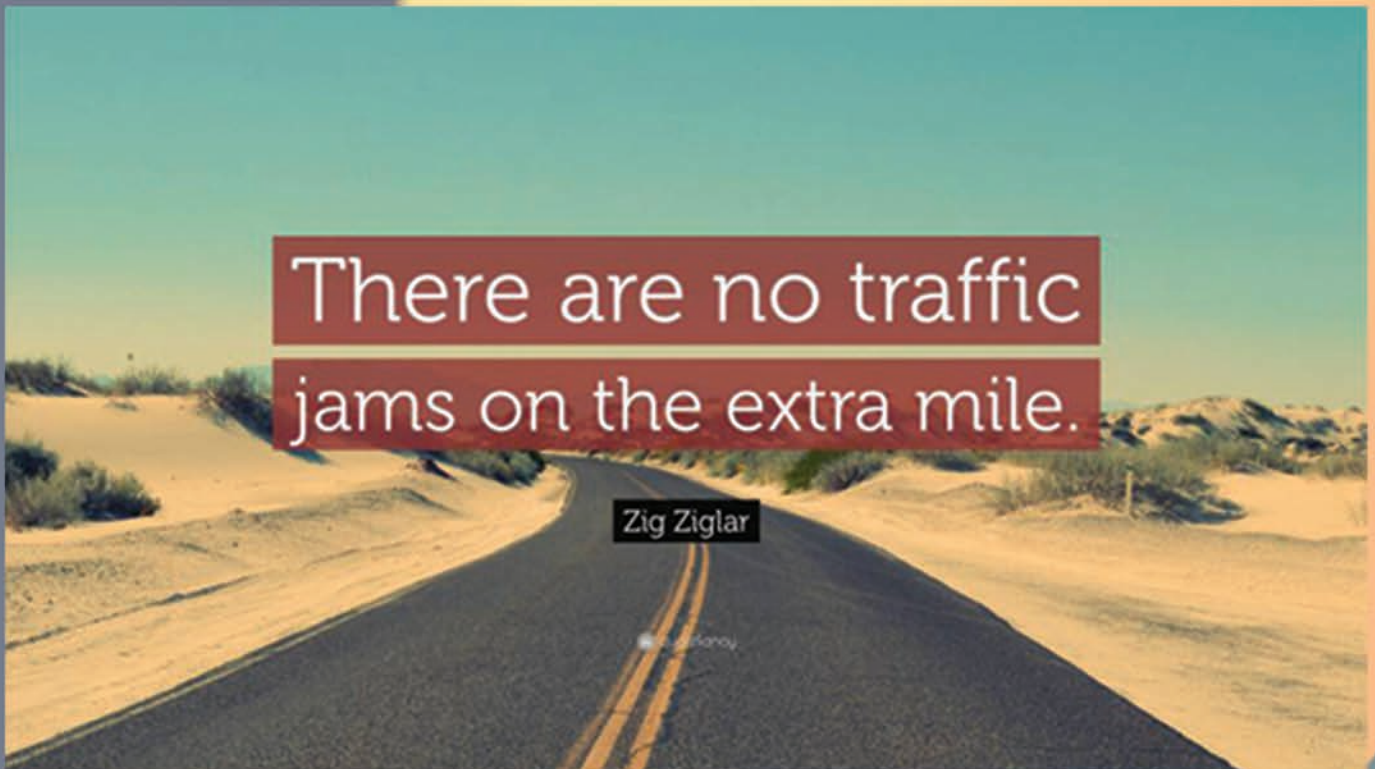
minimum of 3.78% to our current overall sales target. I have put this information down in writing and it is available on spreadsheet. Please let me know if you need it as I can send it to you in fifteen minutes." Henry was very impressed and realised the difference between him and Kwegyir. He decided not to resign but to learn from him.

You won't be rewarded for doing what you're meant to do; you only get a salary for that! You are rewarded for going an extra mile; performing beyond expectations.

To be successful in life you must be observant, pro-active and willing to do more, think more, have a more holistic perspective and go beyond the call of duty.

Use the talents that have been bestowed upon you more effectively and reap richer rewards.

(Author unknown)



Knowledge Bank

Margin Trading and Financing in Accordance With Section 143 of the Securities Industry Act, 2016 (Act 929)

Section 143 of the Securities Industry Act, 2016 (Act 929) empowers the Commission to issue guidelines in respect of margin trading and financing. Margin trading and financing as indicated in section 143 of the Securities Industry Act, 2016 (929) is one of the new features or provisions that were introduced into Act 929. These new provisions in Act 929 will help bring about innovation and the required skill set in the market whilst improving the industry.

Margin trading comes about when traders buy securities by borrowing some of the purchase price. These traders (buyers of securities) usually borrow the money from their brokers. The borrowed money is called

the Margin loan and as such these traders are said to “buy on margin”. Since this is a loan (margin loan), interest are paid on it. This interest rate paid on the margin loan is referred to in some jurisdictions as “call money rate” The portion of the security price or purchase price that must be supplied or contributed by the buyer is the “trader’s equity”. To be able to buy on margin, a trader must first open a margin account. Traders who buy securities on margin are subject to a minimum margin requirements. The initial margin requirement is the fraction of the purchase price contributed by the trader (trader’s equity). The minimum or initial margin requirement may be set by the Exchange, the government, the central bank etc.

Due to the high risk involved in margin trading and financing (leveraged position), the Commission will in accordance with Section 143(2) and (3) put risk control mechanisms in place when the guidelines are issued for margin trading. **Written by Frank Biney Donkor, Securities and Exchange Commission, Ghana**



Knowledge Bank

Importance of Margin Trading and Financing in the Capital Market

Buying Securities on margin can greatly increase the potential gains or losses for a given amount of equity in a position. This is because the trader can buy more securities on margin than he could otherwise. Thus the buyer earns a higher profit when prices rise and suffers greater losses when prices fall.

In terms of interest paid by the trader (borrower) , large buyers generally obtain more favourable rates than do retail buyers and by extension encouraging more trading activities. For institutional –size buyers, the interest rate is quite low because the loans are generally well secured by securities held as collateral by the lender.

In many markets, brokers are allowed to lend their clients more if the brokers use risk models to measure and control the overall risk of their clients' portfolios. This system is called portfolio margining.

In some jurisdictions, not all stocks qualify to be bought on margin and this is based on how it is regulated.

Written by Frank Biney Donkor, Securities and Exchange Commission, Ghana

The Role of a Clearing House in the Derivatives Market

In most derivative markets, it is a common practice for each Exchange to have a clearing house. The clearing house guarantees that traders in the derivative markets (futures) will honour their obligations. The clearing house does this by acting as the opposite side to each trade. In this case, it acts as buyer to every seller and seller to every buyer. By doing this, the clearing house allows either side of the trade to reverse positions at a future date without having to contact the other side of the initial trade. This allows traders to enter the market knowing that they will be able to reverse their positions. Traders need not worry about the counterparty default since the counterparty is now the clearing house.

A clearing house has members who collateralize it by ensuring that no default takes place. All trades eventually go through the clearing house members who must have a clearing margin posted at the clearinghouse in the same way an investor has a margin account with the broker. This ensures that the clearing house is liquid enough at all times to honour all obligations under a obligations under a derivative contract. **Written by Frank Biney Donkor, Securities and Exchange Commission, Ghana**

Ensuring Uniform Investment Performance Measurement in Ghana's Capital Market

Global investment standards are developed for measuring, calculating and presenting investment performance. The investment industry or community as a whole had great difficulty in making meaningful comparisons on the basis of accurate investment performance. This led to several performance measurement practices which hindered the comparability of performance returns from one firm to another. Also, the question of accuracy and credibility of performance reporting was of great concern. This has led to misleading practices which includes;

- 1)** Choosing a top performing portfolio to represent the firm's overall investment results for a specific mandate which might not be necessarily so.
- 2)** Firms presenting an "average" performance history that sometimes excludes portfolios whose poor performance was weak enough to result in the termination of the firm.

- 3)** Firms present performance for a selected period of time during which the mandate produced excellent returns or out-performed its benchmark.

In order to eliminate these misleading practices and the different methodologies for measuring and calculating investment results, the CFA institute came up with the GIPS standards.

The Global Investment Performance Standards (GIPS) are a practitioner-driven set of ethical principles that establish a standardized, industry-wide approach for investment firms to follow in measuring, calculating and presenting their historical investment results to prospective clients.

Currently in Ghana, the GIPS are being sponsored by the Ghana Securities Industry Association (GSIA) referred to as "Country Sponsors". Country Sponsors (local organizations) play a key role in developing and promoting the GIPS globally. They have two primary responsibilities:

- 1)** Promote the GIPS standards locally
- 2)** Represent their local market and provide input on the global development of the GIPS standards.

Country Sponsors play an important role in making the GIPS standards relevant to their local markets. They own and protect GIPS translated materials, interpret and support questions on local issues, deliver

Knowledge Cont'd

educational programs, and promote the Standards across the local investment profession. However, complying with the GIPS is voluntary. To ensure that investment performance measurements are consistent and uniform in Ghana, it is imperative for the GSIA and the SEC to initiate a programme where employees of investment management firms are regularly trained.

The Securities and Exchange Commission can also issue a directive to the market indicating an effective date for which investment management firms must work towards in order to comply with the requirement of the GIPS standards. **Written by Frank Biney Donkor, Securities and Exchange Commission, Ghana**

News from the Market

VRA, GRIDCO to Be Listed On the GSE – President Nana Akufo Addo

The President of Ghana, Nana Akufo-Addo has made his intention clear to list Volta River Authority (VRA), and the Ghana Grid Company Limited (GRIDCo) on the Ghana Stock Exchange (GSE).

He continued that the move would ensure that the two institutions operate more effectively and also to strengthen the power sector. He added that this will also form part of government's plan to develop an electricity master plan. "...Overall, we have begun to develop a national electricity master plan which will also explore the benefits of listing VRA and GRIDCO on the stock exchange," the President stated when he addressed Parliament in his first State of the Nation Address .

The move, if successful, will be a fulfillment of what some analysts have suggested as the best alternative to solve the country's recurrent challenges in the power sector. Supporting the view of the president, the Managing Director of the GSE, Kofi Yamoah, has welcomed the idea by saying that, the decision to list the two energy companies on the stock market is a laudable one which will ensure better revenue than they are generating now. The workers of the Electricity Company of Ghana (ECG) have also called for the inclusion of the company in government's plan to list some state organisations on the GSE.

Contrary to the supporting views, the former Minister for Power, Dr. Kwabena Donkor, has kicked against the listing of the Ghana Grid Company Limited (GRIDCo) on the Ghana Stock Exchange (GSE). According to Dr. Kwabena Donkor, to list the utility provider on the GSE will be most unfortunate and also has security implications.

Facts & Figures

Market Statistics

Funds Under Management (FUM) of Licensed Fund Managers

	End Dec 2016 (GHc)	End of March 2017 (GHc)	% Change
Pensions	4,423,178,350.48	5,107,674,936.17	15.48%
CIS	1,131,705,585.14	1,399,576,580.10	23.67%
Others	14,603,994,850.62	16,758,280,663.11	14.75%
Total Funds	20,158,878,786.24	23,265,532,179.38	15.41%

Approvals of Licences

There were no approvals of licences during the first quarter of 2017.

Suspensions of Licences and Complaints

The following entities have been suspended from operating.

Company	License Category
Mec Ellis Investment Ltd	Fund Manager
Met Capital Group Ltd	Fund Manager
Constant Capital (Ghana) Ltd	Investment Adviser
EM Capital Partners	Investment Adviser



**Market
Statistics**

Facts & Figures

Market Statistics

Funds Under Management (FUM) of Licensed Fund Managers

	End Dec 2016 (GHc)	End of March 2017 (GHc)	% Change
Pensions	4,423,178,350.48	5,107,674,936.17	15.48%
CIS	1,131,705,585.14	1,399,576,580.10	23.67%
Others	14,603,994,850.62	16,758,280,663.11	14.75%
Total Funds	20,158,878,786.24	23,265,532,179.38	15.41%

Approvals of Licences

There were no approvals of licences during the first quarter of 2017.

Suspensions of Licences and Complaints

The following entities have been suspended from operating.

Company	License Category
Mec Ellis Investment Ltd	Fund Manager
Met Capital Group Ltd	Fund Manager
Constant Capital (Ghana) Ltd	Investment Adviser
EM Capital Partners	Investment Adviser



**Market
Statistics**

Facts & Figures

Complaints received during the first quarter of 2017

Complaints	Number of Complaints
Received	34
Resolved	3
Outstanding	31

The above complaints mainly related to

- Non-payment of redemption requests as and when they fell due
- Failure to honour assignments
- Missing shareholdings of investors

Offer Documents and Other Approvals

- i. The SEC on 3rd March, 2017 granted approval to AFB PLC to issue and list, GHS12million seven-year floating rate senior unsecured notes under its GHS100million Note Programme approved in 2015. The offer yielded 74.51% of the asking price.
- ii. The SEC on 16th March, 2017 granted approval to AFB PLC to issue and list, GHS8million seven-year floating rate senior unsecured notes under the GHS100million Note Programme approved in 2015. The offer yielded 86.11% of the asking price.
- iii. On 9th March, 2017, the SEC granted approval to Izwe Loans Plc to issue and list, GHS10million three-year fixed rate senior secured notes under the GHS80million Note Programme. However, on 17th March, 2017, the issuer through its transaction advisor communicated their position to withdraw this tranche from the market until market conditions become favourable.

Capital Market Operators

	Category of Licensed Operators	End DEC 2016	End MAR 2017	Change
1	Broker-Dealers Only	23	23	-
2	Custodians	17	17	-
3	Exchange Traded Funds	1	1	-
4	Investment Advisers (Advisory Only)	3	3	-

Facts & Figures

	Category of Licensed Operators	End DEC 2016	End MAR 2017	Change
5	Investment Advisers (Advisory & Fund Mgt.)	145	145	-
6	Mutual Funds	34	34	-
7	Primary Dealers	13	17	4
8	Registrars	4	4	-
9	Securities Depositories	1	1	-
10	Stock Exchange	1	1	-
11	Trustees	6	6	-
12	Issuing House	1	1	-
13	Unit Trusts	19	19	-
	TOTAL	273	272	-1

Enforcement Actions

During the first quarter of 2017, the following companies were sanctioned for various violations of the Securities Industry Law:

Company	Infringement	Penalty (GH¢)
EDC Investments Ltd	Late Notification of Change in Particulars	13,000.00
Investa Capital Ltd	Late Notification of Change in Particulars	500.00
Cornerstone Capital Advisors Ltd	Late Notification of Change in Particulars	1,000.00
Renaissance African Group Ltd	Operating without licence	7,800.00
Vakmet Capital Ltd	Operating without licence	54,000.00
Zenith bank Ghana Ltd(Trustee)	Operating without licence	54,000.00
Brooks Asset Management Ltd	Late submission of Monthly Report	2,300.00
Crystal Capital and Investments Ltd	Late submission of Monthly Report	100.00

Facts & Figures

Company	Infringement	Penalty (GH¢)
Brooks Asset Management Ltd	Late submission of Quarterly Report	1,000.00
Renaissance African Group Ltd	Late submission of Quarterly Report	1,500.00
UT Bank Ltd (Custodian)	Late submission of Quarterly Report	1,600.00
Brooks Asset Management Ltd	Late submission of Compliance Officer's Report	500.00
Monarch Capital Ltd	Late submission of Monthly Report	3,800.00
Monarch Capital Ltd	Late submission of Quarterly Report	2,700.00
BEIGE Capital Asset Management Ltd	Late submission of Quarterly Report	2,600.00
Injario Investment Advisors Ltd	Late submission of Quarterly Report	400.00
WAICA RE Capital Ltd	Late submission of Quarterly Report	200.00
Algebra Capital Ltd	Late submission of returns(FUM Report)	1,500.00
Utrak Capital Management Ltd	Late submission of returns(FUM Report)	1,500.00
EC Capital Partners Ltd	Late submission of returns(FUM Report)	1,600.00
UMB Investment Holdings	Late submission of returns(FUM Report)	1,600.00
Goldstreet Fund Management Ltd	Late submission of returns(FUM Report)	3,600.00
Capstone Capital Ltd	Late submission of returns(FUM Report)	1,600.00
NDK Capital Ltd	Late submission of returns(FUM Report)	1,500.00
First Atlantic Brokers Ltd	Non - submission of returns	1,200.00
deVere Ghana Ltd	Non - submission of compliance reports	500.00
Chapel Hill Denham	Non - submission of returns	1,600.00
First Atlantic Bank Ghana Ltd	Operating without Licence	54,000.00
GFX Brokers Ltd	Late - notification on change of particulars	6,000.00
Bullion Securities Ltd	Incomplete submission of returns	16,700.00
deVere Ghana Ltd	Late - notification on change of particulars	12,000.00
deVere Ghana Ltd	Non - submission of returns	100,400.00
Universal Merchant Bank Ltd	Operating without Licence	54,000.00
UniBank Ghana Ltd	Operating without Licence	54,000.00
Mustard Capital Partners	Incomplete submission of returns	17,700.00
New World Securities Ltd	Incomplete submission of returns	10,400.00

Facts & Figures

Stock Market Statistics

	End Dec. 2016	End Mar. 2017	% Change
Number of Listed Companies (Main Market)	37	37	0%
Number of Listed Companies (Alternative Market)	4	4	0%
Volume of Trades	143,430,000	212,267,000	47.99%
Value of Trades (GH¢)	25,040,000.00	290,093,000	1,058.52%
Market Capitalization (GH¢ million)	52,690.99	48,846.99	(7.30) %
GSE- Composite Index	1,689.09	1,865.01	10.42%
GSE- Financial Stock Index	1,545.41	1,765.32	14.23%

Performance of Equities on Ghana Stock Exchange

NAME OF COMPANY	CLOSING PRICE (GH¢) Dec. 2016	CLOSING PRICE (GH¢) Mar. 2017	GAIN/(LOSS) (GH¢)
Access Bank Ghana Plc	4.10	4.10	0.00
African Champions Ltd	0.01	0.01	0.00
Agricultural Development Bank	3.83	3.83	0.00
Aluworks Limited	0.14	0.14	0.00
AngloGold Ashanti Ltd	37.00	37.00	0.00
Ayrton Drug Manufacturing Ltd	0.12	0.10	0.02
Benso Oil Palm Plantation	2.08	2.90	0.82
CAL Bank Ltd	0.75	0.49	-0.26
Camelot Ghana Ltd	0.12	0.12	0.00
Clydestone (Ghana)	0.03	0.03	0.00
Cocoa Processing Co Ltd	0.02	0.02	0.00
Ecobank Ghana Ltd	6.40	7.30	0.90
Ecobank Transnational Inc.	0.10	0.12	0.02
Enterprise Group Ltd	2.40	2.39	-0.01
Fan Milk Ltd	11.14	11.30	0.16

Facts & Figures

GCB Bank Ltd	3.56	5.20	1.64
Ghana Oil Company Limited	1.10	1.25	0.15
Golden Star Resources Ltd	1.95	1.95	0.00
Golden Web Ltd	0.01	0.01	0.00
Guinness Ghana Ltd	1.63	1.50	-0.13
HFC (Bank) Ltd	0.75	0.65	0.10
Mechanical Lloyd Co. Ltd	0.15	0.15	0.00
Mega African Capital ltd	6.00	6.00	0.00
Pioneer Kitchenware Ltd	0.05	0.05	0.00
Produce Buying Company Ltd	0.06	0.05	-0.01
PZ Cusson Ghana Ltd	0.22	0.20	-0.02
Sam Woode Ltd	0.04	0.04	0.00
SG-Ghana Ltd	0.62	0.76	0.14
SIC Insurance Company Ltd	0.12	0.11	0.01
Standard Chartered Bank Gh. Ltd	12.18	15.45	3.27
Starwin Products Ltd	0.03	0.03	0.00
Total Petroleum Ghana Ltd	1.98	2.20	0.22
Transactional Solution Gh. Ltd	0.03	0.03	0.00
Trust Bank Ltd (Gambia)	0.26	0.23	-0.03
Tullow Oil Plc.	26.88	20.94	-5.90
Unilever Ghana Ltd	8.51	9.00	0.49
UT Bank ltd	0.03	0.04	0.01
Ghana Alternative Market (GAX)			
Hords	0.10	0.10	0.10
IIL	0.09	0.09	0.09
MMH	0.11	0.11	0.11
Samba	0.72	0.72	0.72
Others (Depository and Pref shares, ETFs)			
AngloGold Ashanti Depository shares	0.52	0.45	-0.07
Standard Chartered Bank Preference shares	0.75	0.75	0.75
Exchange Tradeable Fund (ETFs)	38.80	38.80	38.80