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SEC NEWS

4TH QUARTER NEWSLETTER



"ENSURING INVESTOR PROTECTION"

**A Smart Investor recognises
the importance of diversification**

PUBLIC ADVICE

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.](#)

There is no way to say this mildly, High-yield Investment Programs are fraudulent investment schemes. The real question however is, "why do people still fall for these fraudulent schemes?" Obviously the answer is ignorance, but I have gathered it is not as simple as that.

As someone who studied Economics for six years, the term "all other things being equal" means to me, looking at all the options, situation and circumstances. Many people today are bypassing this common sense, not because of a paradigm shift but because of our human nature. Economist have always said and believed that human wants are insatiable, and therefore human beings will always want more, fight for more, even in the face

SOCIAL

DON'T BELIEVE THE HYPE

In my first class in University, the Lecturer looking through the rim of his glasses addressed the class, "You get what you put in". I knew instinctively he meant, putting in hard work to get the grades. Because the truth is, the harder you work, the more luck seems to come to you.

High-Yield Investment Programs (HYIP) seems to eliminate the need for hard work by promising to pay over a hundred percent in interest, when in reality these 'investments' generate these ludicrous and ridiculous interest rates by taking from new investors to pay old investors. (Yes, borrowing from Peter to pay Paul). The only problem is, you still have to pay Peter.

of so little resources. And although this way of thinking is flawed as it is, it is also very true (tested and proven by geniuses we aspire to like Adam Smith), and I believe there may be a causality, some including the burden of financial responsibility and the famous theory X (human beings are lazy by nature) approach to reaching happiness. This flaw has increased the odds of cunning men preying on weak minds and winning. The truth is, people need money to start businesses, stay in business, maintain relationships, cure ailment, or simply to make them feel good about themselves and compensate for their insecurities. They seek this financial liberation in wrong ways and don't consider the consequences until it's too late.

Very glaring features of HYIP including excessive guaranteed returns, extreme secrecy, fictitious financial instruments and unnecessary complexities surrounding the investment are many times overlooked. Some schemes even claim their ‘Investment’, is a once in a lifetime opportunity (Really?). And although some schemes are working hard to cover their tracks by using legitimate businesses, you can still see right through them. The HYIP is like having HIV, it won’t kill you yet, but eventually it will. In fact, that was the case when tens of thousands suffered losses from the most recent ponzi scheme (DKM) in Ghana, some losing their lives. People need to know how to defend themselves against these financial bullies, and the only way is teaching them to read the fine prints. As a person interested in Investing in financial Instruments of any kind, be it stock, bonds, Treasury bills, your best bet is to educate yourself more about it, and consult with experts in the field. Financial institutions owe a duty to be as clear as possible to clients and potential clients, and explain why HYIPs are not sustainable. Some of these financial Institutions also need to be commended for creating awareness and being very clear on their position from day one. The government as an agency that seeks to protect the rights and privileges of her citizens should partner with a financial institution such as the SEC to create an atmosphere that rebukes thievery and scam in an already volatile financial world.

As a young citizen in a continent with the youngest population, the burden of financial responsibility has made the psychological decision making of falling for a HYIP so much difficult. For example GHC200 interest on a three month asset of GHC500 is false, but desperate as we are, we begin to think that maybe it’s true, and then we come to the conclusion that it is possibly true and before we know it, we are signing away our kidneys. This happens because a lot of people don’t understand the concept of annual interest. A forty percent interest, unrealistic as it may sound, may be possible, and yet it will probably only occur as interest for the whole year, and not in a three months span. Anyone trying to sell the idea of a bigger deal than that is probably trying to tell you that elephants lay eggs.

To us common people, it seems that the one way ticket out of our eternal sentence to financial incapacity is a little bit of investment sprinkled with a large amount of lottery. That is not a smart move.

So back to my initial thought of “you get what you put in”, if you are ignorant about the best investment instrument and how they work and prefer interest rates greater than the Chinese population, then I wish you God’s Speed. No, really, act like the title and don’t believe the HYIP.

*By RACHAEL APPIAH-KUBI and
KWASI BOAKYE ADU-GYAMFI, SEC*

SEC UPDATES

An appropriate end to the year 2017 was the SEC's end of year dinner and awards night dubbed 'a night of white'. Appropriately themed to symbolize triumph in the face of the challenges faced by the Commission during the year, it was a night of fun, laughter and dance moves.

There is a saying that an organisation's workforce is its most valuable asset and the Commission confirmed its appreciation of staff with various awards and citations. The efforts of the immediate past executive management team, Dr. Adu Anane Antwi, Mr. Alexander Williams and the late Mr. Lawrence Yirenki-Boafo were applauded with citations. Two members of staff who had retired from active service at the Commission, Mr. Frederick Sappor and Mrs. Gladys Aryeetey were also given citations to recognise their contributions to the work of the Commission.

For the first time in the history of the Commission, staff were commended with awards for their hard work. The award for transport person of the year went to Mr. Eric Kofi Anie; the attendance awards were for different categories of staff and went to Mr. Emmanuel Sakyi-Appiah, Ms. Esi Mansowa Monney, Mr. Alexander Mackay and Mr. William Nii Armah Obli. The gold star award was given to the best performing staff member of a department. Mr. Andy Anim, Mrs. Aretha Blankson and Ms. Esi Monney took the gold

star awards for the Exchanges & Markets, Human Resource & Administration and Funds Management departments respectively. Some gold star awards went to Mr. Eric Aduboah of the Broker-Dealer department, Mr. Joseph Arthur of the Issuers department and Mr. Frank Biney Donkor of the Policy, Research & Information Technology department. The rest of the departmental gold stars were awarded to Mr. Joseph Odame, Mr. Paul Mba Yelzaalem and Mr. Emmanuel Sakyi-Appiah of the Finance & Capital, Legal and Audit & Risk departments respectively. The Head of Department award was deservedly scooped up by Ms. Evelyn Essien of the Exchanges & Markets department. Congratulations to all the winners!

It was a joyous occasion as the out-going and in-coming members of the Board of Commissioners let down their hair and joined in the celebration. The dance floor was lit with excitement as Mr. Williams, Mrs. Jemima Oware and Dr. Antwi and others dazzled us with their dance moves. The evening ended on a good note. The Director- General, Rev. Daniel Ogbarmey Tetteh commended all staff for keeping the engines of the Commission running and challenged us to work even harder in the year ahead. The curtain was drawn on the event as staff exchanged felicitations for the season.

Report filed by Marian Afriyie -Opoku



Staff receiving an award from Board Member, Mrs. Jemima Oware



Staff receiving an award from former Board Chairman, Mr. Eric Okai



Former Director General, Dr. Adu Anane Antwi arrives at the function



A section of the staff at the function



Director General, Rev. Ogbarmey-Tetteh presents an award to Ms. Essien, Head of Exchanges and Markets



Former Board Members and the Director General



Dr. Yeboa Ainoa and Mr. Adawudu singing



Dinner time!!



Mr. Augustine Addo and guest



More cheers for Ms. Essien



Birthday celebrant, Mr. Mensah-Appiah cut his cake



Board members on the dance floor



More dance moves



More dance moves



Knowledge BANK



Financial Intelligence Centre (FIC) to intensify public education on fraudulent financial transactions

The Financial Intelligence Centre (FIC) is to step up public sensitisation and awareness creation on fraudulent financial transactions in the country.

The aim is to help educate the public about the various Money Laundering/Terrorist Financing (ML/TF) schemes/techniques, the international standards/best practices in combating the twin menace, and the appropriate sanctions for non-compliance.

In a press release copied to the Securities and Exchange Commission (SEC), the Centre, which was established by Section 4 of the Anti-Money Laundering Act, 2008 (Act 749), as amended, said public education would take the forms of trainings and capacity building seminars for persons in sectors that are susceptible to these schemes.

It mentioned the flagged financial transactions as Money Laundering (legitimising ill-gotten money), Terrorist Financing and the Proliferation of weapons of mass destruction.

The FIC serves as the fulcrum around which a robust Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation of weapons of mass destruction (AML/CFT&P) regime in Ghana revolves.

In doing this, the Centre has over the years, prioritised intelligence-sharing with competent

authorities and other stakeholder institutions.

Types of Money Laundering

It said while Money Laundering was an endemic practice to the soundness of the financial system, not many people appreciated how the act is perpetrated, hence the need for the sensitisation.

It explained that Money Laundering was the conversion, transfer, acquisition, possession, use, concealment or disguising of the true nature, source, location, disposition, movement, rights with respect to or ownership of property, knowing (ought to have known) that such property or part of it is derived from a criminal activity.

It added that ML takes various forms, including third party money laundering, which refers to “the laundering of proceeds of crime by a person who was not involved in the commission of the predicate offence.

“There is also self-laundering and this is laundering of proceeds of crime by a person who was involved in the commission of the predicate offence,” it added.

The Centre explained that, ML was a derivative offence, meaning that “an initial crime (predicate offence) would have been committed and property obtained therefrom.”

“Money Laundering aims at manipulating the financial system to give the proceeds of crime a semblance of legitimacy,” it added.

Knowledge Bank



Terrorism Financing (TF)

On TF, it said, it is the collection, provision, attempted collection, or provision, by any means, directly or indirectly, of funds with the intention that they should be used or in the knowledge that they are to be used in whole or in part to carry out a terrorist act.

It added that TF can originate from both licit and illicit sources.

“Some of the licit sources are from governments who willingly support acts of terror.

“Funds from illicit sources are generated from unlawful activities such as ransom from kidnapping, fraud, money laundering, corruption, narcotics and contraband goods,” it added.

It explained that “anyone can be used as a conduit in one way or the other depending on the scale of occurrence and the goal of the terrorists.

Some of the roles a person can play include donations to unsuspecting charitable organisations/non-profit organisations, fundraiser, facilitator and operative.”

In all of these, FIC said the goal of the terrorist is always to ensure that funds raised from the conduit is moved or transferred “without a trace, stored and spent on its structures and operations.

It therefore called on the general public to alert Law Enforcement Agencies (LEAs) such as the Ghana Police Service, the Bureau of National Investigation, the Ghana Immigration Service and the National Security for assistance whenever they suspect any of these actions.

To be continued...

*Written by Seth Nana Amoako, CAMS
Head of Compliance, FIC.*

FACTS & FIGURES

Market Statistics

Funds under Management (4th Quarter 2017)

FUM	End December, 2017	End September, 2017	% Change
Pension	7,207,863,213.17	5,967,862,548.38	20.78
CIS	2,167,066,358.09	1,951,614,239.94	11.04
Fund Managers	21,687,189,377.69	18,949,710,668.27	14.45
Total	31,062,118,948.95	26,869,187,456.59	15.60

Offers and Other Approvals

1. Approvals of Licenses

Company	License Category
First Finance Company Ltd	Fund Manager
Nesst Capital Ltd	Fund Manager
OctaneSD Ltd	Fund Manager
Oxygen Advisory Ltd	Fund Manager
Investrust Capital Ltd	Fund Manager
Gold Rock Capital Management Ltd	Fund Manager
Oya Capital Ltd	Fund Manager
Nickel Keynesbury Ltd	Fund Manager
Procap Finance Company Ltd	Fund Manager
Heritage Bank Ltd	Custodian

2. Listings:

The Commission received several applications for rights issues and Initial Public Offerings (IPO) as presented in the table below. The ordinary shares when issued will be listed on the Ghana Stock Exchange (GSE).

i) Equity

No.	Date of Application	Company	Type	Amount to be raised	Remarks
1	17/10/2017	Asadtek Group Ltd	IPO	20,000,000	The Commission is awaiting further information to finalise its report for presentation to the Approvals & Licencing Committee.
2	17/10/2017	Sam Woode Ltd	Rights Issue	1,000,000	The Commission is awaiting further information to finalise its report for presentation to the Approvals & Licencing Committee.
3	15/11/2017	Enterprise Group Ltd	Rights Issue	219,720,000	The Commission is awaiting further information to finalise its report for presentation to the Approvals & Licencing Committee.
4	20/11/2017	HFC Bank Ltd	Rights Issue	50,000,000	The post-offer results submitted on 28 th December, 2017 indicated that subscription was 100%
5	21/12/2017	MTN Ghana Ltd	IPO	2,850,820,306	The Commission is awaiting further information to finalise its report for presentation to the Approvals & Licencing Committee.

ii) Bonds

The Commission received several applications for the approval of bond issues –programmes and tranches. The bonds are listed on the Ghana Fixed Income Market (GFIM) of the Ghana Stock Exchange (GSE).

No.	Date of Application	Company	Type	Offer/Note (GHS'000)			
1	14/09/2017	ESLA Company Ltd	Programme	10,000,000	5		
2	16/10/2017	ESLA Company Ltd	Tranche E1	2,400,000	7	2,408,626	100.36%
3	16/10/2017	ESLA Company Ltd	Tranche E2	3,600,000	10	2,375,347	65.98%
4	23/10/2017	PBC Limited	Tranche P3	100,000	1	80,980	80.98%
5	10/11/2017	BOND Savings and Loans Ltd	Tranche 1	20,000	3	15,8870	79.44%
6	10/11/2017	BOND Savings and Loans Ltd	Tranche 2	10,000	3	560	5.60%
7	21/12/2017	BOND Savings and Loans Ltd	Tranche 3	10,000	3	5,033	50.33%

Enforcement Actions

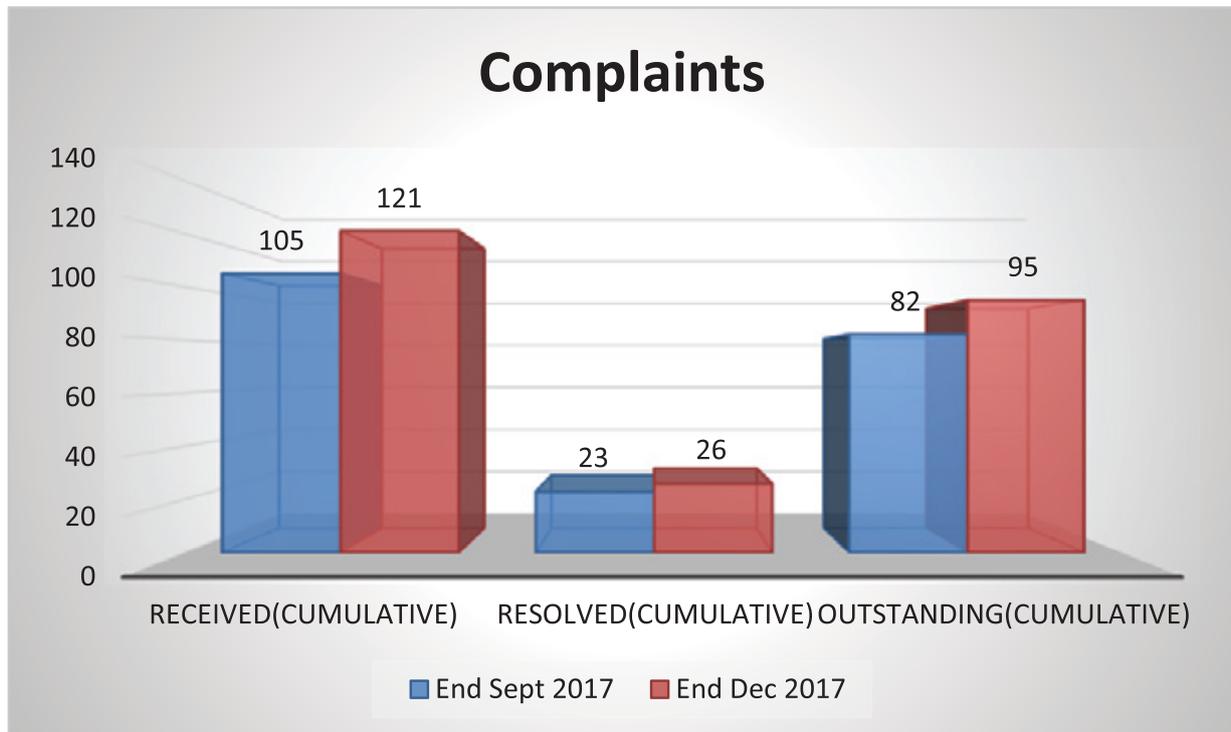
1. Complaints

Complaints received during the first quarter of 2018

	Complaints Received (Cumulative)	Complaints Resolved (Cumulative)	Outstanding (Cumulative)
End Sept 2017	105	23	82
End Dec 2017	121	26	95

The above complaints were mainly related to:

- i) Non-payment of redemption requests.
- ii) Failure to honour assignments.
- iii) Failure to provide statement of accounts
- iv) Irregularity of audit report
- v) Missing Shares



2. Infractions and Penalties

The following companies were sanctioned for various violations of the Securities Industry Act:

Company	Infringement	Penalty (GH¢)
Algebra Securities Ltd	Failure to introduce additional funds within the time specified under Regulation 23(1) of L.I 1728.	1,100.00
Bullion Securities Ltd	Late-Submission of Statutory Reports	100.00
EDC Stockbrokers Ltd	Failure to introduce additional funds within the time specified under Regulation 23(1) of L.I 1728.	25,000.00
GFX Brokers Ltd	Non-Submission of 3rd Quarter 2017 financial returns.	1,600.00
National Investment Bank	Late Submission of Application to review primary dealership licence	54,000.00
Universal Capital Management Ltd	Late Submission of Placement Returns	2,200
EC Capital Partners Ltd	Late submission of Placement Returns	700
All Time Capital Ltd	Late submission of Placement Returns	1,200
IC Asset Managers Ltd	Late submission of Placement Returns	500

Capital Market Statistics

1. Capital Market Operators as end of 1st Quarter 2018

	Category of Licensed Operators	End SEPT 2017	End DEC 2017	Change
1	Broker-Dealers Only	23	23	-
2	Custodians	17	17	
3	Exchange Traded Funds	1	1	-
4	Investment Advisers	3	3	
5	Fund Managers	145	154	9
6	Mutual Funds	34	34	-
7	Primary Dealers	17	17	-
8	Registrars	4	4	-
9	Securities Depositories	1	1	-
10	Securities Exchange	1	1	-
11	Trustees	6	6	-
12	Issuing House	1	2	1
13	Unit Trusts	19	19	-
	TOTAL	272	282	10

2. Stock Market Statistics

	End Sept 2017	End DEC 2017	% Change
Number of Listed Companies (Main Market)	36	36	0
Number of Listed Companies (Alternative Market)	4	4	0
Volume of Trades (Equities)	34,506,308	37,363,329	8.28
Value of Trades (GH¢): Equities	79,014,170.94	79,319,309.79	0.39
Market Capitalization (GH¢ million)	58,381.49	58,803.96	0.72
GSE- Composite Index	2,326.09	2,579.72	10.90
GSE- Financial Stock Index	2,043.51	2,310.58	13.06

3. Performance of Equities on Ghana Stock Exchange

	Name of Company	Code	Closing Price (GHC) Sept 2017	Opening Price (GHC) Dec 2018	Change GAIN / (LOSS) (GHC)
1	Access Bank Ghana PLC	ACCESS	3.40	4.05	0.65
2	African Champion Ltd	ACI	0.01	0.01	0.00
3	Agricultural Development Bank	ADB	3.83	5.84	2.01
4	AngloGold Ashanti Ltd.	AGA	37.00	37.00	0.00
5	Aluworks Limited	ALW	0.16	0.16	0.00
6	Ayrton Drug Manufacturing Ltd.	AYRTN	0.10	0.10	0.00
7	Benso Oil Palm Plantation	BOPP	5.80	6.12	0.32
8	Cal Bank Ltd	CAL	1.00	1.08	0.08
9	Clydestone (Ghana) Ltd.	CLYD	0.03	0.03	0.00
10	Camelot Ghana Ltd.	CMLT	0.11	0.11	0.00
11	Cocoa Processing Co. Ltd.	CPC	0.02	0.02	0.00
12	Ecobank Ghana Ltd.	EGH	8.05	7.60	-0.45
13	Enterprise Group Ltd.	EGL	4.08	3.70	-0.38
14	Ecobank Transnational Inc.	ETI	0.18	0.16	-0.02
15	Fan Milk Ltd.	FML	19.80	17.70	-2.10
16	GCB Bank Ltd.	GCB	4.00	5.05	1.05
17	Guinness Ghana Breweries Ltd.	GGBL	1.52	2.06	0.54
18	Ghana Oil Company Limited	GOIL	2.36	2.69	0.33
19	Golden Star Resources Ltd.	GSR	1.90	1.90	0.00
20	Golden Web Ltd	GWEB	0.01	0.01	0.00
21	HFC Bank (Ghana) Ltd.	HFC	1.39	1.39	0.00
22	Mega African Capital Ltd	MAC	6.00	5.98	-0.02
23	Mechanical Lloyd Co. Ltd.	MLC	0.09	0.06	-0.03
24	Pioneer Kitchenware Ltd.	PKL	0.05	0.05	0.00
25	PBC Ltd.	PBC	0.04	0.06	0.02
26	PZ Cussons Ghana Ltd.	PZC	0.20	0.20	0.00
27	Standard Chartered Bank Gh. Ltd.	SCB	19.71	25.25	5.54
28	SIC Insurance Company Ltd.	SIC	0.11	0.10	-0.01
29	Starwin Products Ltd.	SPL	0.03	0.03	0.00
30	Societe Generale Ghana Limited	SOGEGH	0.77	0.82	0.05
31	Sam Woode Ltd.	SWL	0.05	0.05	0.00
32	Trust Bank Gambia Ltd	TBL	0.35	0.35	0.00

Performance of Equities on Ghana Stock Exchange (continued)

33	Total Petroleum Ghana Ltd.	TOTAL	2.26	3.53	1.27
34	Transaction Solutions (Ghana) Ltd.	TRANSOL	0.03	0.03	0.00
35	Tullow Oil Plc	TLW	17.74	17.15	-0.59
36	Unilever Ghana Ltd.	UNIL	10.55	12.84	2.29
	Ghana Alternative Exchange (GAX)				
37	Samba foods Ltd	SAMBA	0.65	0.65	0.00
38	Meridan Marshalls Holdings	MMH	0.11	0.11	0.00
39	HORDS Ltd	HORDS	0.10	0.10	0.00
40	Intravenous Infusions Ltd	IIL	0.09	0.09	0.00
	Others (Depository and Pref Shares, ETFs)				
41	AngloGold Ashanti Depository shares		0.48	0.48	0.00
42	Standard Chartered Bank Preference shares		1.20	1.20	0.00
43	Exchange Traded Fund (ETFs)		38.80	38.80	0.00

