



ENSURING INVESTOR PROTECTION

SEC NEWS

OFFICIAL NEWSLETTER OF SECURITIES & EXCHANGE COMMISSION

4TH QUARTER
(SEPT. - DEC.), 2018



CELEBRATING



CAPITAL MARKET CONFERENCE

Date:

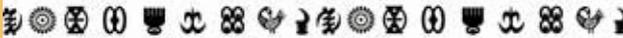
21ST - 22ND
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Theme:

GHANA BEYOND AID:
The role of the Capital
Market

Venue:

ACADEMY OF
ARTS AND
SCIENCES



*3rd Capital Market
Conference.*



*Corporate Directors in
Ghana and the Duty of Care
they Owe*



*4th Quarter Market
Summary Analysis &
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Key Market Statistics



*Infractions, Penalties and
Complaints Received in the
Fourth Quarter*



*"An investment in knowledge
pays the best interest"*
- Benjamin Franklin





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CAPITAL MARKET HIGHLIGHTS & SUMMARY ANALYSIS

At the end of last quarter 2018, the GSE-CI closed at 2,572.22 points down, from 3,001.01 points recorded at the end of September 2018. This represents a -0.29% year-to-date (YTD) change compared to 16.33% YTD as at the end of third quarter 2018.

EDITORIAL TEAM

- | | |
|-----------------------------|------------------------------|
| 1. Dr Jacob Aidoo | 5. Mrs Naomi Simpson |
| 2. Mr Emmanuel Ashong-Katai | 6. Ms Dorothy Yeboah-Asiamah |
| 3. Mrs Marian Afriye-Opoku | 7. Mrs Lilian Danso Affum |
| 4. Mr Frank Biney Donkor | 8. Mr Andy Anim |

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DESIGNED & PRINTED BY:



ZEBRA A LOOP CONSULTING COMPANY

NOTICE TO THE PUBLIC

1. PUBLIC ADVICE

Members of the general public are advised to use the Commission's Toll Free Line 0800100065 or Main Line 0302768970-2 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.

2. PUBLIC NOTICE

PUBLIC NOTICE BY THE SECURITIES AND EXCHANGE COMMISSION IN RESPECT OF COMPANIES GOING ON VOLUNTARY CESSATION OF BUSINESS (NOTICE NO. SEC/PN/001/01/2019)

This Notice is issued pursuant to Sections 3(b) (f) (m) and 208 (c) of the Securities Industry Act, 2016 (Act 929).

The Securities and Exchange Commission wishes to bring to the notice of the general public that the under listed licensed operators engaged in fund management activities in the capital market (Fund Managers), have voluntarily requested to cease operation for various reasons.

- HFC Capital Partners Limited
- Attai Capital Limited
- Serengeti Capital Limited
- Indigo Investment Management Limited
- Verit Investment Advisory Limited
- Waxson Investment and Pension Management Limited

The Commission has, after a thorough assessment of the circumstances, approved their requests. The above companies are therefore not mandated to carry out any Fund Management activities. Consequently, the Commission wishes to inform the general public that anyone who engages in any transaction with any of these companies or their representatives, in their capacity as Fund Managers could be exposing him/herself to avoidable risk.

The Commission hereby assures all investors, market operators and the general public that it is committed to ensuring rigorous enforcement of all the rules for operators in the capital market in order to promote the growth and development of an efficient, fair and transparent securities market in which investors and the integrity of the market are protected.

ISSUED BY ORDER OF
THE SECURITIES & EXCHANGE COMMISSION (SEC)
DATED: JANUARY 29, 2019



2. UPDATES

3RD CAPITAL MARKET CONFERENCE : COMMEMORATION OF 20TH ANNIVERSARY OF THE ESTABLISHMENT OF THE S.E.C

Filed by the Policy Research Department

Twenty (20) years ago, the Securities and Exchange Commission (SEC) was established under the auspices of Bank of Ghana (BoG) to have regulatory and developmental oversight of Ghana's Capital Market.

This was after eight years of the establishment of the Ghana Stock Exchange and five years after the promulgation of the Securities Industry Law, 1993 (P.N.D.C.I. 333).

Twenty years is therefore long enough for stock taking as an institution and a market. It was in this vein that the Board of SEC considered important, the organization of a **3rd Capital Market Conference** towards the commemoration of such a historic milestone.

The conference was mainly to engage in a policy discourse towards the development of the capital market and to strengthen the SEC as an institution that will firmly deliver on its statutory mandate to protect investors.

Capital Market Conference

The year 2018 marked twenty years (20) of the establishment of the Securities and Exchange Commission (SEC) and we celebrated SEC's contribution to securities regulation and development of the capital market in Ghana. A special two-day conference was organized to commemorate the anniversary and also to take stock of the contribution of the SEC and the capital market towards the development of the Ghanaian economy.

The Conference which was under the theme "**Ghana Beyond Aid: The Role of the Capital Market**", was held from the 21st -22nd November 2018 and took place at the Ghana Academy of Arts & Sciences, Accra. The Conference brought together academics, policy makers, industry and market practitioners who provided thoughtful insights, analysis and solutions to problems confronting the development and effective regulation of the capital market which forms part of the financial sector.

The conference took the form of lectures by the main speakers and panel discussions on the lectures delivered touched on various facets of the Ghanaian economy including crypto currencies.

The senior Minister, Hon. Yaw Osafo Marfo delivered the key note address and made the following important statements;

1) The capital market had a pivotal and central role to play in the Government's agenda of Ghana Beyond Aid.

2) The agenda required a renewal of the mindset of the nation. In order to achieve this, it was prudent to be more efficient and effective in resource mobilization which will propel the growth of the market.

3) The possibility of the District and Municipal authorities being able to raise funds through the capital markets by issuing bonds and that there should be a policy framework that would enable state enterprises to be listed on the markets.

4) There was the lack of integration



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of the various regulatory bodies in the financial sector. These regulatory bodies must collaborate in order for the market to be robust and properly structured.

5) These bodies should meet and come up with a development strategy and send this to the Ministry of Finance.

6) He lauded the launch of the Ghana Commodity Exchange (GCX) which must be used as a means of unleashing economic growth of commodities.

7) The Securities Exchanges were more efficient than the marketing boards. E.g. Malaysia as leading producer of palm oil and hence is a price giver on the world market.

8) The Agricultural sector also has a key role to play and value addition should be the focus so as to be able to compete in the international market.

Some of the main speakers, panel discussants and moderators at the conference were;

- 1) Hon. Ken Ofori Atta – Minister of Finance
- 2) Hon. Seth Terkper – Former Minister of Finance
- 3) Mrs. Elsie Awadzi- Deputy Governor, Bank of Ghana

3) Dr. Nii Kwaku Sowa- Former Director-General, SEC

4) Dr. Sam Mensah, CEO of SEM Capital Management Ltd

5) Dr. Adu Anane Antwi - Former Director-General, SEC

6) Mrs. Eudora Koranteng- Former Deputy Director-General, SEC

7) Dr. Gideon Onuma – Agriculture Economist, University of Greenwich

8) Dr. Abdul Kadri Alfah – CEO, Ghana Commodities Exchange (GCX)

9) Mr. Alexis Anin- CEO, Commodities Clearing House

10) Dr. Irene Egyir- HoD, Agricultural Economics and Agribusiness, University of Ghana, Legon

11) Mr. Dominic Adu- CEO, Ghana Home Loans

12) Mr. Adu-Boahene -Deputy Minister, Finance.

13) Hon. Freda Prempeh- MP, Deputy Minister, Works and Housing

14) Alfred Ocansey , Head of Business, TV3

15) Prof. Stephen Adei- Former Rector, GIMPA



The first day of the conference was made up of 3 sessions whilst the second day had 4 sessions. The following were the highlights of the various sections.

| SESSIONS | DAY 1 | DAY 2 |
|------------------|--|--|
| Session 1 | <p>Topic: Ghana Beyond Aid: The Role of the Capital Market</p> <p>Highlights:</p> <ol style="list-style-type: none"> 1) Government is going to put in place certain polices to strengthen the capital market (tax exemptions on returns on collective investment schemes and Real Estates Investment Trust, and the gains on realizations of securities) 2) A 10-year Capital Market Master Plan being developed to address gaps in the main pillars of the market, which will centre on regulation and supervision, financial infrastructure and technology, and market institutions. | <p>Topic: Corporate Governance: The Achilles Heel to Financial Market Regulations and Stability in Ghana”.</p> <p>Highlights:</p> <ol style="list-style-type: none"> 1) Essential for maintaining the confidence of depositors, investors and the public as a whole, in the financial system. 2) Good Corporate Governance requires structures and practices that ensure that sufficient checks and balances exist in an organization. 3) Code of ethics is important because it is the fundamental guide to helping one discharge their activities appropriately. |
| Session 2 | <p>Topic: Investor Protection, Regulation and Development of the Capital Market: Challenges and Opportunities</p> <p>Highlights:</p> <ol style="list-style-type: none"> 1) Political interference in regulation 2) Inadequate investor education pertaining to the capital market and the financial system as whole 3) Bailouts by government creates moral hazards as investors may be encouraged to invest in high risk instruments and Ponzi schemes knowing that government would come to their aid. | <p>Topic: Financing the Housing/Real Estate sector in Ghana: The role of the capital markets and REITS.</p> <p>Highlights:</p> <ol style="list-style-type: none"> 1) Government has committed to a GHC 1 billion Mortgage and Housing Finance Fund which will be seeded with a minimum of GHC 100m every fiscal year over the next 5 years. 2) MOU signed with UNOPS to undertake building projects that will provide housing that will not cost more than GHC 25,000.00. 3) Implementation challenges will require regulatory and institutional framework in the capital market. |
| Session 3 | <p>Topic: How viable is the commodities exchange and warehouse receipt system</p> <p>Highlights:</p> <ol style="list-style-type: none"> 1) Create a system that guarantees confidence in the trading and payment systems before the other commodities can be added. 2) Products traded are standardized products and therefore have to go through international requirements. 2) Government intervention should be kept at the barest minimum in respect of the GCX 3) The GCX started with food commodities, it would expand to include other commodities. | <p>Topic: Financing SME's: Leveraging the Capital Market</p> <p>Highlights:</p> <ol style="list-style-type: none"> 1) The Ghana Alternative Market is a good avenue to raise funds because the requirements are very low. 2) Investor education for listing on the GAX is very key and should be increased. 3) There are incentives available to SME's companies. E.g. taxes |
| Session 4 | N/A | <p>Topic: Fintech and Crypto currencies: Are they safe investments or risky bets?</p> |



3 KNOWLEDGE BANK

REGULATORY SAND BOX AND MARKET INNOVATION

Dr Jacob Aidoo
Head, Issuers Department

The Securities Industry Act, PNDCL 333 was passed in 1993 with the Securities and Exchange Commission (SEC) becoming operational in 1998 though the GSE had been in existence since 1990.

The GSE started operation with the listing of 11 companies and three Licensed Dealing Members, namely, National Trust Holding Corporation (NTHC), Merban Stock Brokers and Ecobank Stock Brokers. Prior to the establishment of the GSE, there was the Over-The-Counter (OTC) market run by NTHC for multinational corporations mainly, and a few indigenous companies such as the National Investment Bank.

The PNDCL 333 was therefore enacted to establish the regulatory

framework within which the capital market would operate and flourish. In 2000, the PNDCL 333 was amended by the Securities Industry (Amendment) Act, 2000 (Act 590) to provide for the regulation of Mutual Funds and Unit Trusts which were not provided for under the existing law but were in operation at the time. E.g. Databank Epack and HFC Unit Trust had been in existence since 1990 and 1991 respectively. The Amendment Act (Act 590) also established the Administrative Hearing Committee to formalize the dispute resolution mechanism of the capital market regulator.

Act 590 also granted the Commission the power to impose levy on investment in securities to generate revenue to support activities of the Commission and also changed the name of the Regulator from 'Securities Regulatory Commission' to 'Securities and Exchange Commission' to recognize the role of 'exchanges' in the capital market.

These changes in the law and subsequent promulgation of SEC Regulations (L.I.1695, 2001 and L.I. 1728, 2003) to clarify the regulatory requirements for existing products point to the fact that market innovation has always been ahead of Regulation in Ghana and the State or

the Regulator must be ready to develop regulatory frameworks for unregulated financial products as they emerge. This is consistent with the 'Demand Following Hypothesis' development paradigm, which promotes rather than stifles or kills market innovation and initiatives.

The Securities Industry Act, 2016 (Act 929), which repealed PNDCL 333 and Act 590 has been very revolutionary, making provision for the operation and regulation of products and services such as Private Equity and Venture Capital Funds, Hedge Funds, Derivatives and Commodity Exchanges, Credit Rating Agencies and Nominees among others, some of which exist without regulations but are needed nonetheless, to support the development of the capital market. The passage of Act 929 allowed market operators who have been knocking at the door of the SEC for the requisite licenses to operate such capital market businesses.

Even with the enactment of the enabling legislation, the Commission still requires Regulations, Guidelines, Directives and Circulars to fully operationalize the regulatory requirements of the new products. Because innovation often precedes regulation and the need to develop the market cannot be met without financial innovation, the



International Organization of Securities Commission (IOSCO) has recommended the use of Regulatory Sandbox for securing regulation of new products in a manner that allows financial businesses to operate without immediately incurring the normal regulatory consequences of engaging in such activity. The product is however launched with the approval of the regulator in order to facilitate and promote innovation.

The IOSCO 2017 Research Report which culminated in the regulatory sandbox recommendation focused on the state of development of Fintech firms in different jurisdictions, major regulatory actions taken, their practices of on-boarding new investors and taking into consideration existing and potential regulatory implications in emerging markets.

With the growth of Fintech, investments and financial innovation in general and its contribution to financial inclusion, there is the need to monitor associated risks in spite of the potential benefits. Such risks include:

- Conducting general solicitation for unlicensed activities
- Risk relating to non-disclosure and fraud
- Cross border risks relating to lack of clarity of the laws that apply in case of default or/bankruptcy

The objective of regulatory Sandbox is to adapt compliance with strict financial

regulations to the pace of growth of the most innovative companies and products that do not have existing regulations or are not supervised by a regulatory institution, in a way that does not smother the sector rules, whilst at the same time balancing financial innovation with investor protection.

In the light of the IOSCO recommendation and the regulatory flexibility afforded by Act 929, the SEC has collaborated with the private sector to operate Nominee accounts, venture capital funds (VCFs), private equity funds under closely monitored environment whilst applicable market regulations are finalized. In the same vein, the SEC facilitated the commencement of Ghana Commodity Exchange (GCX) whilst the Commodity Exchange Regulations are finalized.

Indeed the GCX was publicly launched in 2015 (GNA: ghana.gov.gh) and finally inaugurated in 2018 to help transform agriculture and improve the living standard of Ghanaians. In fact, the SEC is developing Guidelines on Regulatory Sandbox which will soon be published to provide guidance for capital market innovators who may want to introduce new financial products or services.

The SEC therefore welcomes market innovation and is willing and ready to cooperate with any person or entity that has developed a new financial product that may not have existing regulations. However, financial innovators owe it a duty to have their products approved by the regulator before they are launched

for the sake of market safety, investor protection and stability of the financial market. As the SEC reiterated in its recent public notices on unlicensed financial products, it has no intention to destroy businesses or kill innovation, but it will also not look on while people who are not willing to subject themselves to law and order destroy market confidence the SEC has built over the past 20 years.

Disclaimer: *The views expressed are the author's own and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.*

JUST FOR LAUGHS



Little Johnny's Chemistry teacher wanted to teach his class a lesson about the evils of liquor, so he set up an experiment that involved a glass of water, a glass of whiskey, and two worms. "Now, class. Observe what happens to the two the worms," said the professor putting the first worm in the glass of water. The worm in the water moved about, twisting and seemingly unharmed. He then dropped the second worm in the whiskey glass. It writhed in pain for a moment, then quickly sank to the bottom and died. "Now kids, what lesson can we derive from this experiment?" he asked. Little Johnny raised his hand and wisely responded, "Drink whiskey and you won't get worms!"

CORPORATE DIRECTORS IN GHANA AND THE DUTY OF CARE THEY OWE

Andy Anim

Assistant Manager, Exchanges and Markets Department

“Governance and leadership are the yin and yang of successful organizations. If you have leadership without governance you risk tyranny, fraud and personal fiefdoms. If you have governance without leadership you risk atrophy, bureaucracy and indifference.”

This profound statement which every corporate director must seriously ponder

was made by Mark Goyder, author of Living Tomorrow's Company.

developed common law countries are bound by certain legal duties. These duties include the duty to act carefully, the duty to act loyally, and the duty to act legally.

This article focuses on the first of the three general legal duties mentioned above, i.e., the duty to act carefully and juxtaposes it with what pertains in present-day corporate Ghana.

The Concept of ‘Duty of Care’

The concept of ‘duty of care’ is an age long legal principle that has attracted much attention over the years. This concept has been used by the courts as a device in regulating the types of wrongs that should be

considered actionable in negligence.

In the English case of *Heaven v Pender* (1883) 11 QBD 503, in the Court of Appeal, the Master of Rolls, William Brett, suggested that there was a duty to be responsible in a tort to those who might be injured if ordinary care and skill was not exercised.

The seminal case of *Donoghue v Stevenson* (1932) established the general principles of ‘duty of care’ and in particular, Lord Atkin enunciated the importance of proximity between persons, and the concept of neighbourliness.

It was however in the case of *Caparo Industries Plc v Dickman* (1990) UKHL 2 that the House of Lords set out a three-fold test for establishing a ‘duty of care’ as:

- A. The reasonable foreseeability of harm as a result of the defendants conduct
- B. proximity between the persons concerned, and
- C. Whether or not it was fair, just and equitable to impose liability, in establishing a duty of care in negligence.

Like all laws, the concept of duty of care reflects moral, policy and experiential considerations.

Moral Obligation & Negligence of Duty

The moral consideration underlying the law of negligence is that, *where a person assumes a role, the performance of which involves the risk of injury to others, then that person is under a moral obligation to perform that role carefully.*

This moral obligation to exercise care in the performance of one’s role is imposed on corporate directors and officers by virtue of the authority they exercise over the resources entrusted to their care on behalf of others.

This moral obligation imposed on directors comprises four relatively distinct duties, namely;

1. The duty of directors to reasonably monitor or oversee the conduct of the corporation’s business, and to take reasonable steps to keep abreast of the information that flows to the board as a result of monitoring procedures and techniques.
2. The duty to follow up reasonably on information that has been acquired and should raise cause for concern.
3. The duty to employ a reasonable decision-making process
4. The duty to make reasonable decisions.

The Case of Corporate Directors in Ghana

This duty of care has been expressed under Section 203 (2) of the Companies Act 1963 (Act 179) of Ghana where directors are expected to:



“act at all times in what he believes to be the best interests of the company as a whole so as to preserve its assets, further its business, and promote the purposes for which it was formed, and in such manner as a faithful, diligent, careful and ordinarily skillful director would act in the circumstances.”

Despite this elaborate provision imposing a legal obligation on directors to exercise diligence and care in promoting the purposes for establishment of the business whose affairs they steer, corporate Ghana remains rife with instances where this duty is breached by directors.

The recent series of suspensions and delistings of companies listed on the Ghana Stock Exchange (GSE) due to the failure of certain Issuers to meet some reporting obligations of the GSE, the revocation of the banking licenses of certain banks and the black-listing of some non-bank financial institutions by the Bank of Ghana, the placing on watch-list of some institutions licensed by the Securities and Exchange Commission, all point to the fact that the role of a corporate director is something that is being taken quite lightly in corporate Ghana.

Corporate directors charged with directing and controlling the affairs of entities which they oversee must understand the weight of trust and the reliance placed on them by all interested parties. There can and have been devastating consequences when corporate directors failed to employ all the necessary resources at their disposal to ensure that the companies that have been entrusted unto them are effectively and efficiently coaxed to achieve the optimum benefit for all stakeholders.

More Regulatory Burden if Directors Become Increasingly Negligent of their Duty of Care

The duty of care must be an essential underlying component of Ghana's corporate governance mechanism as it includes measures that combine accountability with minimal government and regulatory intervention.

In this regard, any significant contraction of those mechanisms of accountability will result, sooner or later, in increased intervention by regulatory bodies.

The Bank of Ghana, for instance, has taken steps in addressing this concern when in March of 2018 it issued the Banking Business Corporate Governance Directive (2018) for banks and specialized deposit-taking institutions regulated under the Banks and Specialized Deposit-taking Institutions Act 2016 (Act 930). One of the key objectives for the issuance of the Directive is the *“minimization of the possibility of regulated financial institution failures that are usually rooted in poor corporate governance practices.”* The apex regulatory body of Ghana's capital markets, the Securities and Exchange Commission, is also reviewing its rules and regulations to further strengthen the governance practices in the securities industry.

The Bank of Ghana, under the interpretation section of the Bank of Ghana's 2018 Directive, defined the 'duty of care' to mean, *“to act in an informed and prudent basis in making decisions.”*

The import of this definition is that corporate directors and officers must employ appropriate and adequate mechanisms for making decisions. The decisions resulting from the employment of appropriate mechanisms must also be reasonable, given the context within

which they are made.

Additionally, corporate directors and officers must consider factors such as current economic conditions, effects of inflation or deflation, tax consequences, the nature of closely-held business interests, alternative investments, expected returns on income and capital, the need for liquidity versus preservation of capital, diversification of investments, amongst others.

Liability of Negligent Directors and Officers

Directors and officers should, by all means, have the right protection against the imposition of liability for intrepid decisions that happen to turn out badly, and against the imposition of liability that is disproportionate to fault.

However, they also must be subject to the general rule that, if a private individual assumes a role whose performance involves a risk of injury to others, he or she is under a moral and legal obligation to perform the role with due care and must be made to face the full rigours of the laws following a breach of this duty.

DISCLAIMER: *All views expressed here are that of the Author alone and does not in any way imply that it represents the views of his employer.*

Additional References: *The Duty of Care of Corporate Directors and Officers by Melvin A. Eisenberg, Berkeley La.*



4. ENFORCEMENTS

INFRACTIONS & PENALTIES; COMPLAINTS RECEIVED DURING THE FOURTH QUARTER

1.0 Infractions and Penalties

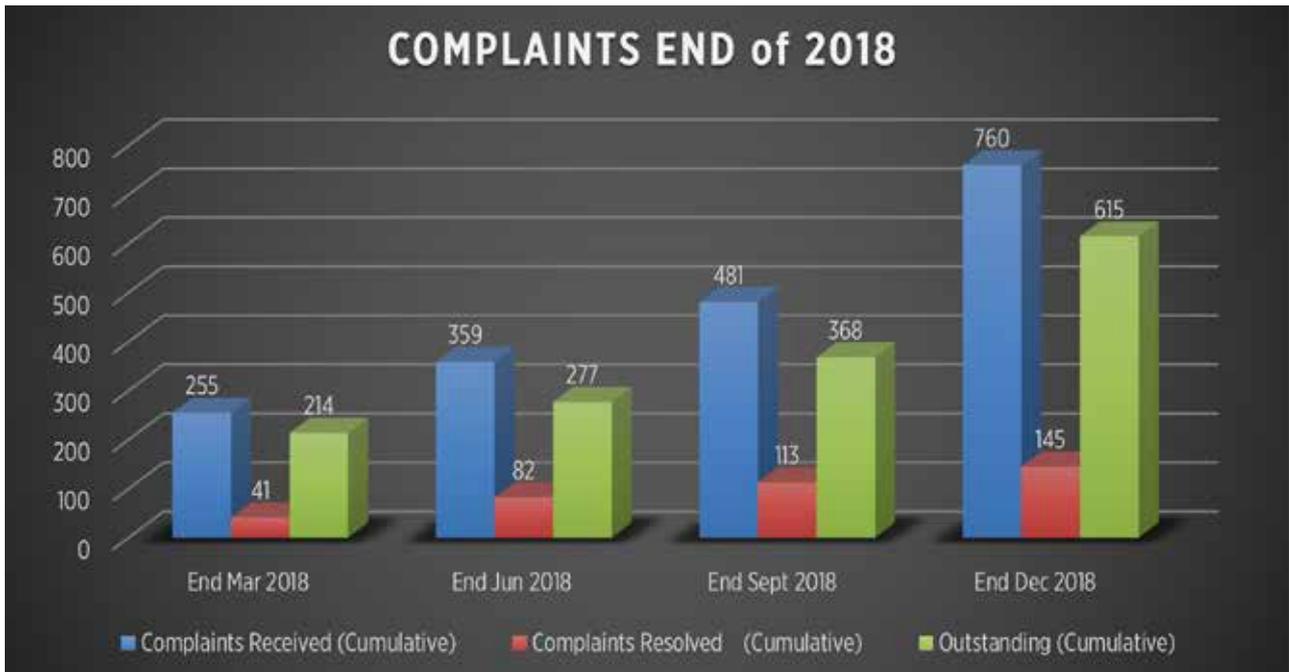
The following companies were sanctioned for various violations of the Securities Industry Act:

| COMPANY | INFRINGEMENT | PENALTY (GH¢) |
|-----------------------------------|--|---------------|
| First Atlantic Brokers Limited | Constant breach of Regulation 23(3) of LI 1728 since August 2017 | 23,700.00 |
| Standard Chartered Bank Ghana Ltd | Late Submission of Quarterly Reports | 100.00 |
| GCB Bank Ltd | Late Submission of Quarterly Reports | 300.00 |
| FirstBanc Financial Services Ltd | Late Submission of Placement Report | 100.00 |
| Utrak Capital Management Ltd | Late Submission of Quarterly Reports | 1,000.00 |
| Heritage Securities Ltd. | Late Submission of Quarterly Reports | 2,600.00 |
| Heritage Securities Ltd. | Late submission of Monthly Report | 900.00 |
| CDH Asset Management Ltd | Late submission of Placement Report | 2,400.00 |
| Glorygate Capital Ltd | Late submission of Placement Report | 1,000.00 |

2.0 Complaints

Complaints received during the fourth quarter of 2018

| PERIOD | COMPLAINTS RECEIVED (CUMULATIVE) | COMPLAINTS RESOLVED (CUMULATIVE) | OUTSTANDING (CUMULATIVE) |
|----------------|-------------------------------------|-------------------------------------|-----------------------------|
| End March 2018 | 255 | 41 | 216 |
| End Jun 2018 | 359 | 82 | 277 |
| End Sept 2018 | 481 | 113 | 368 |
| End Dec 2018 | 760 | 145 | 615 |



The above complaints were mainly related to:

- i) Non-payment of redemption requests.
- ii) Issues with re-discount rate
- iii) Failure to provide statement of accounts
- iv) Missing Shares
- v) Delay in executing share purchase
- vi) Salary issues
- vii) Failure to honour assignments

ANSWERS TO BRAIN TEASERS FROM PREVIOUS ISSUE



1. The match
2. Neither one, because the accountant was his sister.
3. There are no stairs, because bungalows do not have a second floor.
4. Seven
5. A widow
6. a-l-b-u-m-e-n or e-g-g w-h-i-t-e
7. All the months have 28 days.
8. Age
9. No, he's dead.
10. Tomorrow

**5 FACTS & FIGURES****MARKET STATISTICS
OFFERS & OTHER
APPROVALS****MARKET STATISTICS****Offers and Other Approvals****1. Approvals of Licenses**

| COMPANY | LICENSE CATEGORY |
|------------------------------|------------------|
| Black Star Brokerage Limited | Broker Dealer |

2. Offers and Approvals and Listings (Primary and Secondary Market)

List of Approvals

| OFFER, LISTING AND BUSINESS COMBINATION APPLICATIONS | | | | |
|--|-------------------------|--------------------------------------|---------------|------------|
| | APPLICANT | APPROVAL TYPE | APPROVAL DATE | OFFER SIZE |
| 1 | Golden Star Resources | Cross - Listing of additional shares | 29-Oct-2018 | US\$ 126M |
| 2 | Bayport Savings & Loans | Note Programme increase | 06-Nov-2018 | GH¢ 500M* |
| 3 | Dannex Pharmaceuticals | Merger | 19-Dec-2018 | GH¢ 53M |

* Bayport S&L increased the size of its Note programme from GH¢200 to GH¢500

3. Note Tranches

| APPROVAL OF NOTE TRANCHES | | | | |
|---------------------------|-------------------------|-----------------|--------------------------------|------------------|
| | ISSUER | NUMBER APPROVED | AGGREGATE OFFER SIZE (GH¢ 000) | SUBSCRIPTION (%) |
| | IZWE Savings & Loans | 1 | 5,000 | 70.4 |
| | AFB Plc | 2 | 70,000 | 57.8 |
| | BOND Savings & Loans | 2 | 35,000 | 47.0 |
| | Bayport Savings & Loans | 2 | 98,600 | 84.3 |
| | TOTAL | 7 | 208,600 | 71.5* |

* 71.5% is the average subscription size for the period.



CAPITAL MARKET STATISTICS AND ANALYSIS

1. Capital Market Operators as at end of Fourth (4th) Quarter 2018

| | CATEGORY OF LICENSED OPERATORS | END DEC 2018 | END SEPT 2018 | CHANGE |
|----|--------------------------------|--------------|---------------|--------|
| 1 | Broker-Dealers | 24 | 23 | 1 |
| 2 | Custodians | 16 | 18 | (2) |
| 3 | Exchange Traded Funds | 1 | 1 | 0 |
| 4 | Investment Advisers | 10 | 10 | 0 |
| 5 | Fund Managers | 140 | 148 | (8) |
| 6 | Mutual Funds | 35 | 34 | 1 |
| 7 | Primary Dealers | 15 | 16 | (1) |
| 8 | Registrars | 4 | 4 | 0 |
| 9 | Securities Depositories | 1 | 1 | 0 |
| 10 | Securities Exchange | 2 | 1 | 1 |
| 11 | Trustees | 5 | 6 | (1) |
| 12 | Issuing House | 5 | 5 | 0 |
| 13 | Unit Trusts | 19 | 19 | 0 |
| | TOTAL | 277 | 286 | (9) |

2. Stock Market Statistics

| | DEC 2018 | SEPT 2018 | % CHANGE |
|---|---------------|---------------|----------|
| Number of Listed Companies (Main Market) | 34 | 35 | (2.86) |
| Number of Listed Companies (Alternative Market) | 5 | 5 | 0.00 |
| Volume of Trades (Equities) | 10,907,597 | 35,429,710 | (69.21) |
| Value of Trades (GH¢): Equities | 18,325,184.78 | 62,413,126.65 | (70.64) |
| Market Capitalization (GH¢ million) | 61,136.53 | 66,079.52 | (7.48) |
| GSE- Composite Index | 2,572.22 | 3,001.01 | (14.29) |
| GSE- Financial Stock Index | 2,153.74 | 2,627.27 | (18.02) |



| NO. | NAME OF COMPANY | CODE | CLOSING PRICE (GH¢) END DEC 2018 | OPENING PRICE (GH¢) END SEP 2018 | CHANGE GAIN/ (LOSS) (GH¢) |
|--|---|---------|-------------------------------------|-------------------------------------|---------------------------|
| 1 | Access Bank Ghana PLC | ACCESS | 3.55 | 3.60 | (0.05) |
| 2 | African Champion Ltd* | ACI | 0.00 | 0.01 | (0.01) |
| 3 | Agricultural Development Bank | ADB | 5.95 | 5.95 | 0.00 |
| 4 | AngloGold Ashanti Ltd. | AGA | 37.00 | 37.00 | 0.00 |
| 5 | Aluworks Limited | ALW | 0.08 | 0.08 | 0.00 |
| 6 | Ayrton Drug Manufacturing Ltd. | AYRTN | 0.07 | 0.08 | (0.01) |
| 7 | Benso Oil Palm Plantation | BOPP | 5.09 | 6.37 | (1.28) |
| 8 | Cal Bank Ltd | CAL | 0.98 | 1.17 | (0.19) |
| 9 | Clydestone (Ghana) Ltd. | CLYD | 0.03 | 0.03 | 0.00 |
| 10 | Camelot Ghana Ltd. | CMLT | 0.10 | 0.10 | 0.00 |
| 11 | Cocoa Processing Co. Ltd. | CPC | 0.02 | 0.02 | 0.00 |
| 12 | Ecobank Ghana Ltd. | EGH | 7.50 | 8.45 | (0.95) |
| 13 | Enterprise Group Ltd. | EGL | 2.24 | 3.05 | (0.81) |
| 14 | Ecobank Transnational Inc. | ETI | 0.16 | 0.20 | (0.04) |
| 15 | Fan Milk Ltd. | FML | 8.00 | 12.30 | (4.30) |
| 16 | GCB Bank Ltd. | GCB | 4.60 | 5.35 | (0.75) |
| 17 | Guinness Ghana Breweries Ltd. | GGBL | 2.18 | 2.35 | (0.17) |
| 18 | Ghana Oil Company Limited | GOIL | 3.12 | 2.81 | 0.31 |
| 19 | Golden Star Resources Ltd. | GSR | 9.50 | 1.90 | 7.60 |
| 20 | Mega African Capital Ltd | MAC | 5.98 | 5.98 | 0.00 |
| 21 | Mechanical Lloyd Co. Ltd. | MLC | 0.10 | 0.09 | 0.01 |
| 22 | MTN | MTNGH | 0.79 | 0.88 | (0.09) |
| 23 | Pioneer Kitchenware Ltd. | PKL | 0.05 | 0.05 | 0.00 |
| 24 | PBC Ltd. | PBC | 0.04 | 0.03 | 0.01 |
| 25 | PZ Cussons Ghana Ltd. | PZC | 0.41 | 0.48 | (0.07) |
| 26 | Republic Bank (Ghana) Ltd | RBGH | 0.69 | 1.45 | (0.76) |
| 27 | Standard Chartered Bank Gh. Ltd. | SCB | 21.00 | 26.10 | (5.10) |
| 28 | SIC Insurance Company Ltd. | SIC | 0.19 | 0.15 | 0.04 |
| 29 | Starwin Products Ltd. | SPL | 0.02 | 0.02 | 0.00 |
| 30 | Societe Generale Ghana Limited | SOEGEH | 0.75 | 1.02 | (0.27) |
| 31 | Sam Woode Ltd. | SWL | 0.05 | 0.05 | 0.00 |
| 32 | Trust Bank Gambia Ltd | TBL | 0.23 | 0.28 | (0.05) |
| 33 | Total Petroleum Ghana Ltd. | TOTAL | 3.40 | 5.50 | (2.10) |
| 34 | Tullow Oil Plc | TLW | 11.94 | 12.00 | (0.06) |
| 35 | Unilever Ghana Ltd. | UNIL | 17.78 | 17.81 | (0.03) |
| Ghana Alternative Exchange (GAX) | | | | | |
| 36 | Samba foods Ltd | SAMBA | 0.65 | 0.65 | 0.00 |
| 37 | Meridan Marshalls Holdings | MMH | 0.11 | 0.11 | 0.00 |
| 38 | Hords Ltd | HORDS | 0.10 | 0.1 | 0.00 |
| 39 | Intravenous Infusions Ltd | IIL | 0.08 | 0.09 | (0.01) |
| 40 | Digcut Production and Advertising Ltd | DIGICUT | 0.09 | 0.09 | 0.00 |
| Others (Depository and Pref Shares, ETFs) | | | | | |
| 41 | AngloGold Ashanti Depository shares | | 0.41 | 0.48 | (0.07) |
| 42 | Standard Chartered Bank Preference shares | | 1.00 | 1.15 | (0.15) |
| 43 | Exchange Traded Fund (ETFs) | | 54.00 | 38.80 | 15.20 |

*Delisted in October 2018



FOURTH QUARTER MARKET SUMMARY ANALYSIS & HIGHLIGHTS

FRANK BINEY DONKOR
Manager, Policy & Research

EQUITY MARKET

At the end of last quarter 2018, the GSE-CI closed at **2,572.22** points down, from **3,001.01** points recorded at the end of September 2018. This represents a **-0.29%** year-to-date (YTD) change compared to **16.33%** YTD as at the end of third quarter 2018.

At the end of December 2018, there were thirty-four (34) and five (5) stocks listed on the Main market and the Ghana Alternative Market (GAX) platforms of the GSE respectively.

In all, there are thirty-nine (39) equities listed on the GSE. Out of the total number of listed equities, five (5) stocks appreciated in price, twenty (20) stocks recorded price declines and the remaining fourteen (14) stocks traded flat.

The total market capitalization recorded during the period under consideration was **GH¢ 61,136.53 million** compared to **GH¢ 66,079.52 million** at the end of

third quarter 2018. The decline in market capitalization could mainly be attributed to falling prices of stocks during the last quarter of 2018. Volume and value of equities traded during the fourth quarter of the year were **31,727,934 shares** and **GH¢ 74,556,946.50** respectively.

Debt Market:

At the end of last quarter 2018, the GSE had 129 debt securities listed on the GFIM. The total value of government listed debt securities (GOG), corporate debt and Eurobonds on the GFIM at the end of the December 2018 were **GH¢ 54,058.55 million**, **GH¢ 6,604.31 million** and **\$ 3,750.00 million** respectively. The value of trades on the GFIM for the last quarter of 2018 was **GH¢ 9,072,957,379.00** compared to **GH¢ 9,811,512,776.00** the previous quarter.

2,572.22
Points

The points at which the GSE-Composite Index closed at the end of Dec 2018.

GH¢ 61,136.53
Million

The total market capitalization recorded during the last quarter, 2018



WHAT DO YOU KNOW ABOUT INVESTING ? TAKE A QUIZ

1. The relationship between risk and return in investing can be stated as:
 - A. Higher risk indicates lower return
 - B. Higher risk indicates higher return
 - C. Lower risk indicates higher return
 - D. No relationship exists between risk and return
2. A diversified portfolio is desirable because it:
 - A. Increases the risk/return ratio
 - B. Limits investors choices to only one or two investment tools
 - C. Indicates an investor is a good predictor of the return an investment will have
 - D. Decreases risk by investing money in a variety of investment tools
3. Which of the following is true in regards to investing in stock?
 - A. A stock investor may or may not receive a profit
 - B. A stock investor may receive a dividend
 - C. A stock investor owns a part of a company
 - D. All of the above
4. What is a bond?
 - A. A type of debt that a company issues to investors for a specified amount of time
 - B. A share of ownership in a company
 - C. A type of investment that is only offered by depository institutions
 - D. A type of Certificate of Deposit with a higher than average interest rate
5. The value of a stock can change when:
 - A. Cedi value of a stock increases or decreases
 - B. A stock split occurs
 - C. A merger happens between two companies
 - D. All of the above
6. Kuukua wants to purchase stocks with money she received from selling her wares. Who would she contact to make the transactions?
 - A. A brokerage firm
 - B. A depository institution
 - C. The New York Stock Exchange
 - D. Any of the above
7. Which of the following investment tools is considered to be a speculative investment?
 - A. Real Estate
 - B. Mutual Fund
 - C. Savings Bond
 - D. Futures
8. What is inflation?
 - A. The rise in the general level of prices.
 - B. The uncertainty the return on an investment will deviate from what is expected.
 - C. The number of times something happens to money.
 - D. The projected value of an investment at the end of a specified time frame.



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