



SEC News

SECURITIES AND EXCHANGE COMMISSION GHANA QUARTELY NEWS

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At the 37th IOSCO Conference in Beijing, China (From left to right, Japheth Katto, CEO of Capital Market Authority, Uganda, Stella Kilonzo, CEO of Capital Market Authority, Kenya, Adu Anane Antwi, Director-General of SEC, Ghana, and Arunma Oteh, Director-General of SEC, Nigeria)

The 37th Annual Conference of the International Organization of Securities Commissions (IOSCO) was held in Beijing, China from 13th to 18th May 2012. Attendees of the five-day international conference included heads of financial market regulators, board chairpersons and director-generals of many international economic and financial service institutions, representatives of investment banks and international financial market experts, among others.

The SEC was represented by three (3) staff of the Secretariat and two (2) non-executive Commissioners. The five-day international event in Beijing was made up of

Annual Conference Of IOSCO held in China

private meetings of regulators and public sessions. The private meetings were attended by approximately 500 representatives from securities regulatory authorities in more than 203 countries.

Highlights of the meeting included the introduction of IOSCO's new organizational structure and confirming the future role of the Emerging Markets Committee.

At the conference, a new IOSCO Board was elected. The new board absorbs the formal Technical Committee, Executive Committee and Emerging Market Committee Advisory Board. The Board is chaired by Mr. Masamichi Kono, the Vice Commissioner for International Affairs at the Financial Services Agency of Japan (JFSA) and has two vice chairs: Dr. Vedat Akgiray, Chairman of the Capital Markets Board (CMB) of Turkey, and Ethiopis Tafara, the Director of the Office of International Affairs at the US Securities and Exchange Commission

The SEC and other members of the Africa Middle East Regional Committee (AMERC) signed a Memorandum of Understanding for the group.

Director-General of The SEC attends IOSCO / IFIE Investor Education Conference

The Director-General of SEC, Mr. Adu Anane Antwi, at the invitation of the International Organization of Securities Commissions (IOSCO) and the International Forum for Investor Education (IFIE) attended and participated in the fourth joint investor education conference held in Seoul, South Korea from 20-22 May 2012. The IFIE/IOSCO conference was hosted by the Korea Financial Investment Association (KOFIA). The theme for the conference was "Implementing the Financial Capability and Investor Education Agenda: Protecting Investors in a Dynamic Environment".

Mr. Adu Anane Antwi served as panellist on two

discussions panels which dealt with the topic "Emerging Challenges in Financial Capability", "Investor Literacy around the Globe", and "Investor protection in a Dynamic Environment". In the first panel discussion, Mr. Antwi presented a paper on the topic "Investor Education in Ghana: Challenges", as representing the Sub-Saharan African Experience. Other papers were presented highlighting the experiences of other regions on Investor Education.

Third National Financial Literacy Week

The ability to make savings from our earnings and invest in opportunities that will yield returns can have a significant impact on our well-being. The more we know about the different financial instruments and how we can best use them to meet our needs, the better our chances of improved livelihood. The National Financial Literacy Week Celebrations seek through education and awareness creation to make the average Ghanaian more financially literate so that he or she can function effectively within the financial sector and take advantage of the many opportunities the sector presents.

This year's National Financial Literacy Week took place from June 11 – June 17, 2012. The week, which saw the full participation of the various sub-sectors of the financial industry including the Securities sub-sector, was targeted primarily at labour unions, trade associations and tertiary students. The theme for the week's celebration was "Financial Literacy - Creating wealth and financial stability". Activities held during the week included TV and radio presentations, as well as public fora in selected regional capitals.

The SEC had 6 teams of officials from the Commission and Market Operators engaged in public education in Accra, Kumasi, Takoradi, Tamale, Sunyani and Ho during the week.



Above is a cross section of participants at one of the regional fora

Regulatory Compliance Portal (Rcp) Testing

In an effort to keep abreast with technological changes in the securities industry, the Securities and Exchange Commission (SEC) is developing an electronic Regulatory Compliance Portal (RCP) for the capital market in Ghana. The portal will allow for market information from diverse sources to be presented in a unified and meaningful way on the World Wide Web. It will also enable electronic filing of statutory reports, registrations and complaints, as well as notifications of approvals of licenses online.

A User Acceptance Testing (UAT) of the portal was conducted during the quarter by staff of selected market operators and the SEC. This was to enable anticipated users of the portal assess its applicability and user-friendliness.

The UAT was sponsored by the Ministry of Finance and Economic Planning under the Economic Management Capacity Building (EMCB) Project.

SEC Staff Attend West African Investment Conference

Ghana hosted the maiden edition of the West Africa Investment Conference in May this year. The conference which was organized by Objective Capital, an international investment company, with sponsorship from Weston Capital Management and the lead collaborator Ghana Investment Promotion Centre was aimed at promoting investment opportunities in the sub-region.

The 4-day conference sought to identify different sources of investment capital and the potential for their use, to create employment and long term economic growth for the sub-region. Close attention was given to key sectors such as agriculture, mining and energy, infrastructure and the small and medium scale sector.

The conference which was attended by the Director-General and selected staff of the SEC brought together about 100 participants from the international financial and mining community, and provided several opportunities for networking.

The Director-General presented a paper on the topic "Initiative of the SEC to transform the Capital Market".

Training and Capacity Building Of Sec Staff

- Three (3) members of Staff attended the **22nd Annual US SEC International Institute for Securities Market Development** which was held from..... to April 2012 in the U.S.A. Resource persons were drawn from the US SEC. There were also country presentations/ open fora facilitated by representatives from Cameroun, Nepal, Serbia, Pakistan and the Phillipines, among others. The presentations centered on effective financial market regulation.
- Two staff of the SEC attended a course in **Arbitration and Mediation organized** by the International Law Institute from..... to May 2012 in the U.S.A. The course examined alternative methods of dispute resolution (ADR) and focused on the legal issues involved in international commercial arbitration. Participants were also introduced to the goals and techniques of mediation with the aim of developing practical skills.
-Staff of the SEC participated in a **“Regional Course on International Financial Reporting Standards” (IFRS)** held in Lagos, Nigeria from May 28th to 1st June 2012. It was organized by the West African Institute for Financial and Economic Management (WAIFEM). IFRS are a set of widely used international standards for financial accounting reporting. The course was intended to acquaint participants with the provisions of IFRS, and equip them with the necessary information and skills to advise and guide the implementation of IFRS in their respective countries. The implementation of IFRS is crucial for the integration of the sub-region into the global economy.
- Two (2) members of staff attended a **Consumer Familiarization Programme**, organized by the Financial Services Board of South Africa in June 2012. The programme sought to expose participants to best practices in consumer education strategies and complaints handling processes.
- Two (2) administrative personnel attended a five- day workshop on **“Effective Office Management and Administration”** organized by the Ministry of Finance and Economic Planning (MOFEP), in collaboration with Trustwork Consulting Limited. The workshop held in June, was aimed at upgrading the skills of project management staff to prepare them for the successful implementation of Financial Sector Strategic Plan (FINSSP) II. The workshop was held at Elking Hotel in Accra.
- Two (2) members of staff attended a day’s seminar on Audit Quality Monitoring and Assurance Review organized by the Institute of Chartered Accountants (ICAG) Ghana, in May. The objective of the seminar was to explain the monitoring and review process and also offer the ICAG the opportunity to receive inputs from various stakeholders concerning the quality of reports.
- Three (3) members of staff attended a 2-day workshop on IFRS updates organized by the Institute of Chartered Accountants (ICAG) Ghana, in collaboration with the Institute of Chartered Accountants - England and Wales (ICAEW). The workshop which is the first in a dual series is aimed at bringing regulatory bodies and identified trainers in IFRS abreast with the updates in IFRS. It was held at the Miklin Hotel, Accra in June, 2012.

GHANA VCTF PARTNERS WITH AVCA TO HOST INDUSTRY CONFERENCE

The Ghana Venture Capital Trust Fund (VCTF) in partnership with the African Venture Capital Association (AVCA) hosted the 9th African Venture Capital Association Conference in Accra from April 22-24-2012. The conference, on the theme *“Africa the rising Giant”*, provided an opportunity for key players in the private equity investment industry to converge and discuss important topical issues. The conference consisted of roundtable discussions on diverse topics such as “Get-

ting Africa ready for Primetime”, “Regional Perspectives on Private Equity across the continent” and “Fundamentals of Private Equity in Africa”.

AVCA is an industry association supporting Africa private equity and venture capital investors through conferences, training, research and information dissemination.

SEC Signs MOU With CREPMF

In its bid to foster closer working relationship with its regional counterparts, the SEC in May 2012 during the 37th Annual Conference of the International Organization of Securities Commissions (IOSCO) held in Beijing, China, signed a Memorandum of Understanding with Conseil Régional De l'Épargne Publique Et Des Marchés Financiers (CREPMF) of the West African Economic and Monetary Union (WAEMU) to share information and cooperate in the areas of training and capacity building. The CREPMF is the regulator of the Capital Market in the WAEMU region and regulates the Regional Stock Exchange (BRVM), which is the stock market for the WAEMU region .

Introduction of Exchange Traded Funds (ETF)

The SEC has approved for listing and trading the NEW-GOLD ETF, the first-ever Exchange Traded Fund to operate on the market. The New Gold ETF is already trading on the Johannesburg Stock Exchange, Nigerian Stock Exchange and the Botswana Stock Exchange. The ETF will be listed and traded on the Ghana Stock Exchange. The local sponsoring broker is IC Securities (Gh.) Limited.

NewGold is an Exchange Traded Fund which enables investors to invest in a debt instrument, the value of which tracks the price of Gold. It does so by issuing Gold Bullion Debentures and is linked to a specified quantity of Gold Bullion.

SEC Organizes AML/CFT Training

The Securities and Exchange Commission organized a two-day training seminar on Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) for its staff and staff of capital market operators. The seminar was facilitated by officials of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). GIABA works with states in the region to ensure compliance with international AML/CFT standards.

Topics covered included developing an effective AML/CFT Compliance System, risk-based approaches to supervision and international cooperation in AML/ CFT. Facilitators of the seminar were Mrs Gina Wood- GIABA Secretariat, Dr. Buno E. Nduka, Program Director, GIABA and Mr. Abimbola Adeseyoju-MD, DataPro Ltd.

International Organization Of Securities Commissions (IOSCO) Emerging Market Committee (EMC) Chairman's Survey

The SEC took part in a survey conducted by the Emerging Markets Committee (EMC) of IOSCO. The exercise was intended to seek an overview of the main supervisory and regulatory issues that member institutions face.

The responses will be used to identify issues to be addressed by future EMC work, and in the longer term provide a source of information on EMC members that would help the EMC Chairman frame his interventions in various forums within and outside IOSCO.

The ultimate objective of the Survey is to provide feedback for reporting back to the Financial Stability Board (FSB) on progress made on recommendations (related to issues of financial stability in Emerging Markets and Developing Economies) to member countries.

The Director-General of SEC, Mr. Adu Anane Antwi, sits on the Financial Stability Board's Regional Consultative Group for sub-Saharan Africa.

Annual General Meetings of Listed Companies

Staff of the SEC attended Annual General Meetings of nine (9) listed companies during the period. They were:

- i. Fan Milk Ghana Limited
- ii. Unilever Ghana Limited
- iii. Ecobank Ghana Limited
- iv. HFC Bank Limited
- v. CAL Bank Limited
- vi. Benso Oil Palm Plantation Limited
- vii. Ecobank Transnational Incorporated
- viii. Tullow Oil Plc
- ix. Ghana Commercial Bank Limited

Approvals

i. Licenses

During the period, the following approvals were given to various entities to operate as follows:

Company	License Category
Sirius Capital Limited	Investment Advisor
HMI Investment Management Services Limited	Investment Advisor
Great Africa Securities Limited	Investment Advisor
Legacy Unit Trust Fund managed by IFS Financial Services Limited	Unit Trust
My Wealth Unit Trust Fund managed by IFS Financial Services Limited	Unit Trust
Richie Rich Unit Trust Fund managed IFS Financial Services Limited	Unit Trust
New Gold Fund managed by IC Securities Ghana Limited	Exchange Traded Fund (ETF)
Access Bank Ghana Ltd	Custodian

ii. GSE and Depository Rules

During the period, the following approvals were granted to the Ghana Stock Exchange.

- a. Approval of amendment to GSE listing rules
- b. Approval of fees and charges for Central Securities Depository
- c. Approval of amendment to rule 2 of (F&G) of the GSE membership rules

iii. New Issues

The SEC during the period granted approval to UT Bank Limited, a public listed company to issue 166,666,667 new ordinary shares at GH¢0.30 per share to identified investors. UT Bank Limited intends to raise an amount of GH¢50,000,000 from the Private Placement.

The SEC also gave approval to HFC Bank Limited, another public listed company to issue 121,951,219 new ordinary shares at GH¢0.41 per share first to its top ten (10) Existing Shareholders (ESPs) and then to Non-Existing Shareholders (NESPs) at GH¢0.45. HFC Bank intends to raise an amount of GH¢50,000,000.

SEC Hosts Students of the National Banking College

The SEC hosted students of the National Banking College when the latter visited the Commission during the quarter under review. The objective of the visit was to gain additional knowledge on the capital market and how the SEC regulates the market for its effective functioning. The visiting students came from commercial banks and investment banks.

The hosting of professional educational institutions, like the National Banking College, is one of the mechanisms through which the SEC implements its public education and awareness policy.

Stock Market Statistics

	End March. 2012	End June 2012	% Change
Number of Listed Companies	34	34 (2 suspended)	
Volume of Trades *	37,191,344	10,905,360	-71
Value of Trades (GH¢) *	18,294,358	8,050,320.13	-56
Market Capitalization (GH¢Million)	50,688.37	55,097.22	9
GSE-Composite Index	1,046.88	1,045.48	0
GSE-Financial Stock Index	910.57	899.86	-1

* Total for the Quarter

Funds Under the Management of Licensed Fund Managers

	End March 2012 (GHC)	End June 2012 (GHC)	% Change
Total Funds	1, 281,086,443.61	1,398,096,709.15	9.13%
- <i>CIS</i>	<i>231,697,500.89</i>	<i>224,366,640.80</i>	<i>-3.16%</i>
- <i>Others</i>	<i>1,049,388,942.72</i>	<i>1,173,730,068.35</i>	<i>11.8%</i>

Knowledge Bank

1. What is an Exchange Traded Fund (ETF)?

An ETF is a security that tracks an index, a commodity or a basket of underlying assets such as shares, bonds and commodities, but trades like a stock on an exchange. ETFs experience price changes throughout the day as they are bought and sold.

2. Are there ETFs in Ghana?

Yes. The first ever ETF in Ghana, the NEWGOLD ETF will be launched and listed on the Ghana Stock Exchange in August 2012.

With its launch, the NewGold ETF will issue blocks of debt obligations requiring it to pay a sum of money linked to a prescribed quantity of gold (approximately 1/100 ounces of gold bullion.) These debt obligations are issued in the form of zero coupon debentures. The value of the NEWGOLD ETF will be 100 percent related to the price of gold on the world market.

NewGold debentures are listed on the Johannesburg (JSE), Botswana (BSE) and Nigerian Stock Exchanges (NSE) and may be secondary listed on the Uganda (USE), Mauritius (SEN) and Zambia Stock Exchanges (LuSE).

3. How can one invest in an ETF

The NEWGOLD ETF will be trading on the Ghana Stock Exchange. Any investor interested in buying the ETF may do so through his preferred broker, for a small brokerage fee.

Courtesy: Investopedia - www.investopedia.com
Absa Capital - Etf.absacapital.com



Enforcement Actions

During the quarter under review the following companies were sanctioned in accordance with the law for various violations of the Securities laws.

Company	Infringement	PENALTY (GH¢) PAID	PENALTY TO HAVE BEEN PAID
Orialles Capital	Failure to renew license	License suspended	
Wealth Vision Financial Services Ltd.	Late submission of Statutory Returns for 6 days	600	600
IFS Capital Management Ltd.	Late submission of Annual Returns for 2 days	200	200
Black Star Advisors Ltd.	Late submission of Statutory Returns for 2 days	200	200
Computershare Pan Africa Gh. Ltd.	Late submission of Annual Returns for 21 days	2,100	2,100
Grofin Ghana Ltd.	Late submission of Annual Returns for 86 days	3,000	8,600
Gateway Investment Fund Managers Ltd.	Late submission of Long Form Report for 14 days	1,400	1,400
	Late Notification of Change of Directorship for 25 days	1,250	1,250
Frontline Capital Advisors Ltd.	Late submission of Annual Returns for 14 days	1,400	1,400
First Atlantic Asset Management Ltd.	Late submission of Annual Returns for 13 days	3000	1,300
Ecobank Investment Managers Ltd.	Late submission of Annual Returns for 12 days	2,300	1,200
Ecobank Venture Capital Ltd.	Late submission of Annual Returns for 23 days	2,300	2,300
UT Bank Ltd.	Late Renewal of Application for 34 days	3,000	3,400
Glico Financial Services	Late submission of Annual Returns for 8 days	800	800
Black Star Advisors	Late submission of Annual Returns for 7 days	700	700
Stanbic Investment Mgt Services Ltd.	Late submission of Annual Returns for 7 days	700	700
FirstBanc Brokerage Services Ltd	Late submission of Statutory Returns for 5 days	500	500
	Late submission of Statutory Returns for 7 days	700	700
Cocoa Processing Company Ltd	Late submission of Annual Report for 57 days	11,400	
Golden Web Ltd.	Late submission of Annual Report for 31 days	6,200	
Starwin Products Ltd.	Late submission of Annual Report for 24 days	4,800	
Aluworks Ghana Ltd.	Late submission of Annual Report for 17 days	3,400	
PZ Cussons Ltd	Late submission of Annual Report for 15 days	3,000	

Note. Some companies were able to pay lower penalties upon explanation /negotiations with SEC, hence the 2 columns of penalty. I would like to know whether we should publish the penalty incurred or the actual penalty paid.

Capital Market Operators

Category of Licensed Operators	Number (end March. 2012)	Number (end June 2012)	Change
Broker Dealers only	10	12	2
Investment Advisors (Advisory only)	7	7	-
Investment Advisors (Advisory and Fund Mgt.)	52	56	4
Broker Dealers and Investment Advisors	11	11	-
Trustees	3	3	-
Custodians	16	17	1
Registrars	4	4	-
Securities Depositories	2	2	-
Stock Exchange	1	1	-
Mutual Funds	14	17	3
Unit Trusts	12	16	4
Issuing House	1	1	-

Performance Of Equities on the Ghana Stock Exchange

Name of Company	Closing Price (GhC) (31st March 2012)	Closing Price(GhC) (30th June 2012)	Gain / (Loss)
1. African Champion Industries Ltd.	0.08	0.08	-
2. AngloGold Ashanti Ltd.	34.00	34.00	-
3. Aluworks Limited.	0.05	0.05	-
4. Ayrton Drug Manufacturing Ltd.	0.18	0.17	(0.01)
5. Benso Oil Palm Plantation Ltd.	1.69	1.64	(0.05)
6. Cal Bank Ltd.	0.25	0.29	(0.04)
7. Clydestone (Ghana) Ltd.	0.04	N/A	Suspended
8. Camelot Ghana Ltd.	0.12	0.12	-
9. Cocoa Processing Co. Ltd.	0.02	0.02	-
10. Ecobank Ghana Ltd.	3.13	2.98	(0.15)
11. Enterprise Group Ltd.	0.38	0.28	(0.10)
12. Ecobank Transnational Inc.	0.12	0.14	(0.02)
13. Fan Milk Ltd.	2.23	1.93	(0.30)
14. Ghana Commercial Bank Ltd.	1.85	1.97	0.12
15. Guinness Ghana Breweries Ltd.	1.67	2.3	0.63
16. Ghana Oil Company Limited.	0.34	0.49	0.15
17. Golden Star Resources Ltd.	2.75	2.75	-
18. Golden Web Ltd.	0.04	0.04	-
19. HFC Bank (Ghana) Ltd.	0.45	0.45	-
20. Mechanical Llyod.Co. Ltd.	0.11	0.10	(0.01)
21. Poiner Kitchenware Ltd.	N/A	N/A	-
22. Procuce Buying Company Ltd.	0.24	0.24	-
23. PZ Cussion Ghana Ltd.	0.24	0.19	(0.05)
24. Standard Chartered Bank Gh. Ltd.	52.21	46.09	(6.12)
25. SIC Insurance Company Ltd.	0.38	0.33	(0.05)
26. Starwin Products Ltd.	0.04	0.04	-
27. SG-SSB Limited.	0.44	0.46	0.02
28. Sam Woode Ltd.	0.02	0.02	-
29. Trust Bank Ltd. (The Gambia)	0.40	0.40	-
30. Total Petroleum Ghana Ltd.	26.50	19.43	(7.07)
31. Transactional Solutions (Ghana) Ltd	0.05	N/A	Suspended
32. Tullow Oil Plc.	34.05	38.50	4.45
33. Unilever Ghana Ltd.	8.15	8.30	0.15
34. UT Bank Ltd.	0.31	0.32	0.01

Securities and Exchange Commission

30, 3rd Circular Road, Cantonments, Accra

P. O. Box CT 6181, Accra

Tel: +233 (0) 302 768970 - 2

Email: Info@secghana.org

Website: www.secghana.org