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Report
2009





annual Report 2009



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Mission Statement

To promote the orderly growth and development of an efficient, fair and transparent securities market in which investors and the integrity of the market are protected through the proactive implementation of the Securities Laws



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Mission Statement

To promote the orderly growth and development of an efficient, fair and transparent securities market in which investors and the integrity of the market are protected through the proactive implementation of the Securities Laws



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Chairman's Statement





Chairman's Statement



With a view of widening the investor base of our market, the Commission will continue to promote the education of the public, including workers, students and pupils in our tertiary, secondary and first cycle institutions.

Professor E.V.O Dankwa
CHAIRMAN
SEC, GHANA

On behalf of the Securities and Exchange Commission (SEC) and in accordance with section 7 of the Securities Industry Act, 1993 as amended (PNDCL333), I present herein a report on the activities, future plans and audited financial statements of the Securities and Exchange Commission for the 2009 reporting year.

On 5th August 2009, I was appointed the Chairman of the Securities and Exchange Commission by the President of the Republic of Ghana, His Excellency, Professor John Evans Atta Mills to head a Commission made up of eleven members. We succeeded the previous Commission headed by my teacher Professor, G.K.A Ofori – Amaah. I would like to extend my gratitude to the previous Commission for its good work in discharging its functions as spelt out in section 9 of PNDCL 333.

The past year presented great challenges for world financial markets and Ghana was no exception. Global financial markets tumbled as a result of a financial crisis that knew no borders and respected no sovereignty. Investor confidence was greatly eroded, causing dramatic declines in global stock market liquidity and presenting financial regulators with challenges not encountered since the great depression of 1929 in the United States of America.

The loss of confidence in western markets reverberated through markets in the sub-region and even though the Ghanaian financial system remained sound, the GSE declined in tandem with world markets. Volumes traded also decreased significantly contributing to a 47% decline in the GSE All Share Index. Twenty three stocks out of a total of thirty three experienced declines in their share prices.

Towards the middle of the year however, many of these investors returned to the market and investor confidence was restored. The retail investor base increased by over 200% from 10,636 clients in 2008 to 39,822 by close of 2009. The number of institutional clients of brokerage companies increased by a more modest 12%, from 704 in 2008 to 788 by the end of 2009.

On the domestic political terrain, Ghana had just emerged from an election that witnessed a change in political power. There were reports that the economy was in a worse situation than had been presented by the previous administration. These reports exacerbated investors' uncertainty regarding the future of the economy and led several institutional investors to withdraw from the market. Towards the middle of the year however, many of these investors returned to the market and investor confidence was restored. The retail investor base increased by over 200% from 10, 636 clients in 2008 to 39,822 by close of 2009. The number of institutional clients of brokerage companies increased by a modest 12%, from 704 in 2008 to 788 by the end of 2009.

Notwithstanding the poor performance of the market measured by the GSE-All Share Index, the Commission continued in its efforts at regulating the market to ensure that the integrity of the market and investor confidence were maintained. During the period, twenty two new applications for licences were received for various categories of operators whilst thirteen applications were received from issuers intending to make offers to the public to subscribe to their shares.

The Commission continued routine on-site inspections to review operators' compliance with the Rules and Regulations as well as with other legislations governing the securities industry. In all, twenty companies were inspected, which represents less than 50% of the annual target set by the SEC. The inability to achieve the set target was due to increase in the number of licencees without a corresponding increase in staff levels due to a public sector recruitment freeze instituted by the Government in 2008. The staff unearthed some infractions that have subsequently been discussed with compliance officers of the various licencees to ensure that those practices were discontinued.

The year under review also witnessed a number of complaints being registered at the Commission. These complaints were mostly from investors who

could either not trace shares that had allegedly been purchased or who had complaints regarding dividend payments. Most of these complaints were effectively resolved. The eagerness of investors and the market to revert to the Commission to help resolve disputes attests to the rising confidence the public has in the Commission's ability to regulate and supervise the markets effectively. The Commission also continued with public educational activities to publicize the role of the Commission and also to sensitize the public on various capital markets related issues and products.

As part of efforts to deepen the Ghanaian capital markets, the Commission embarked on projects initiated under a Government of Ghana, World Bank and Department for International Development (DFID) credit agreement reached to support the restructuring of the Ghanaian financial sector under the Economic Management and Capacity Building (EMCB) project. Activities embarked on included efforts at developing an Alternative Investment Market in Ghana to serve as a platform for Small and Medium Sized Enterprises to raise capital for their businesses and efforts to establish a Commodity Exchange and Warehouse Receipt System in Ghana. The Commodity Exchange initiative is of particular importance because of the significance of Agricultural production to the Gross Domestic Product (GDP) of Ghana. Among others, it would allow farmers to secure prices for their produce and allow buyers of farm produce to hedge the cost of their future purchases.

In pursuit of its strategic policy of ensuring that staff members keep abreast with the rapidly changing capital market trends, staff of the Commission participated in several training programs both locally and internationally. On the financial front, the Commission continued to rely heavily on Government subvention. We do appreciate the efforts government has been making to fund the Commission and take this opportunity to express our gratitude to the Honourable Minister of Finance and Economic Planning. We trust that this support of Government will be forthcoming in the years ahead.

In the coming year, we look forward to undertaking our obligation of protecting investors through continual education of investors, policy makers and market operators. As already noted, investor confidence which waned has begun to rise and the Commission will work towards the sustenance of this confidence and the protection of all parties against any systemic risk that may arise. With a view to widening the investor base of our market, the Commission will continue to promote the education of the public, including workers, students and pupils in our tertiary, secondary and first cycle institutions. On behalf of the Commission, I express my deep gratitude to the Director-General, Management and staff for the good work they are doing despite the

numerous challenges facing the Secretariat. It is my prayer that the good Lord will continue to strengthen us all to achieve our goals.

Finally, I acknowledge the invaluable work of my colleagues, the Commissioners. May the good Lord enable us to offer our best to the Commission so that the Ghanaian capital markets will be the preferred investment destination in Africa.

PROFESSOR E.V.O DANKWA
CHAIRMAN





The Commission and Corporate Governance





The Commission and Corporate Governance

Statutory Mandate of the Commission

The Securities Industry Act 1993 (**PNDC Law 333**) as amended by **The Securities Industry Amendment Act 590, 2000**, provides that the mandate of the Commission shall be as follows:

The Commissioners are responsible for establishing the overall policy framework of the Commission.

These responsibilities include reviewing strategic and operating plans of the Commission as well as reviewing the performance of the work of the Commission.

- To advise the Minister of Finance and Economic Planning on all matters relating to the securities industry;
- To maintain surveillance over activities in securities and to ensure orderly fair and equitable dealings in securities;
- To formulate principles for the guidance of the industry;
- To protect the integrity of the securities market against any abuses arising from insider trading;
- To adopt measures to minimize and supervise any conflict of interests that may arise for dealers;
- To review, approve and regulate takeovers, mergers and acquisitions and all forms of business combinations in accordance with any law or code of practice requiring it to do so;
- To examine and approve invitations to the public;
- To register, license, authorize or regulate in accordance with this Law or any regulations made under it, stock exchanges, investment advisers, unit trust schemes, mutual funds, securities dealers, and their agents and to control and supervise their activities with a view to maintaining proper standards of conduct and acceptable practices in the securities business;

- To create the necessary atmosphere for the orderly growth and development of the capital market;
- To undertake such other activities as are necessary or expedient for giving full effect to the provisions of the law;
- To monitor the solvency of license holders and take measures to protect the interest of customers where solvency of any such license holder is in doubt; and
- To perform other functions specified under the law

(Amendment) Act, 2000, Act 590. Under the Act, the composition of the Commission is as follows:

- i. A Chairman
- ii. The Director-General
- iii. The two Deputy Directors-General
- iv. A representative of the Bank of Ghana not below the rank of a Director
- v. A representative of the Ministry of Finance and Economic Planning not below the rank of a Director
- vi. The Registrar-General or his representative
- vii. Four other persons including either a judge of the Superior Court or a Lawyer qualified to be appointed a judge of the Superior Court.

Regulatory Objectives Of The Commission

The Commission's regulatory objectives are as follows:

- To protect the interest of Investors
- To ensure a fair, efficient and transparent securities market
- To reduce systemic risk

The Commissioners of the SEC hold office for 3 years and are eligible for re-appointment at the end of their three-year term. The eleven (11) member Commission is headed by a non-executive Chairman with the Director-General being the chief executive officer of the Commission.

The Commissioners are responsible for establishing the overall policy framework of the Commission. These responsibilities include reviewing strategic and operating plans of the Commission as well as reviewing the work of the Commission.

Functions of the Commission

The above mandate and regulatory objectives spell out the functions of the Commission as follows:

- Regulatory functions
- Licensing functions
- Investigative, Supervisory and Surveillance functions
- Enforcement functions
- Market Development functions
- Quasi – Judicial functions
- Policy Advisory functions

Meetings of the Commission are held once every two (2) months. Prior to these meetings, members of the Commission meet in specified Standing Committees of the Commission and deliberate issues that are brought before the Committees.

The Commissioners are supported by a secretariat mainly staffed by a core of professionals from diverse backgrounds. Subject to the above, the Law vests the Commissioners with the discretion of employing such staff and engaging the services of such consultants, advisers and other persons, as may be necessary, for the proper discharge of their functions. The terms and conditions of employment of these persons are to be decided by the

The Commission's Governance Model

The composition of the Commission is provided for under the Securities Industry Act, 1993, PNDCL333 as amended by the Securities Industry

Commission or Commissioners in consultation with the Ministry of Finance and Economic Planning.

The Board or the Commission is serviced by three (3) Standing Committees, membership of which is drawn from the board. They are Approvals & Licensing Committee; Research and Market Development Committee; and Finance & Administration Committee.

In accordance with good corporate governance principles, Commissioners bring an independent judgement to bear on issues relating to securities market regulation, licensing, market development, resolution of market related disputes and enforcement of the country's Securities Laws, Rules and Regulations. They use their skills and knowledge of securities markets to set appropriate policies to contain, reduce and manage systemic risks inherent in the Securities Market.

In exercising their general oversight responsibilities over the operations of the Securities and Exchange Commission, Commissioners play the following corporate governance roles:

- Making strategic decisions to enhance the efficient and effective operation, growth and sustenance of the Securities and Exchange Commission
- Ensuring that adequate resources are provided at all times for the discharge of the statutory mandate of the Commission
- Overseeing high standards of conduct among staff of the Commission as well as key appointments in the Commission.
- Maintaining a sound system of administrative and financial control; and
- Providing an accountable mechanism for decisions of Committees of the board through periodic reporting.

In 2009, the previous Commissioners were relieved of their duties by the newly elected Government under the Presidency of His Excellency, Professor J.E.A Atta-Mills. A new Commission, headed by

Professor E.V.O Dankwa was reconstituted on 5th August, 2009. In the year under review, four (4) Meetings of the Commission were held.

Current members of the Commission are:

Professor E.V.O Dankwa
Chairman

Dr. Nii K. Sowa
Director-General

Mr. Ken Okwabi
Deputy Director General I

Mr. Ekow Acquaaah-Arhin
Deputy Director General II

Dr. Charles Asembri
Member

Mrs. Justice Margaret Welbourne
Member

Mrs. Jemima Mamaa Oware
Member (Rep., Registrar-General)

Mr. Kofi O. Adu Labi
Member (Rep., Bank of Ghana)

Mr. K.B. Oku-Afari
Member (Rep., Ministry of Finance & Economic Planning)

Ms. Sena Kudjawu
Member

Mr. Joe Aboagye Debrah
Member

COMMITTEES OF THE COMMISSION

During the year under review, the standing Committees of the Commission set up to ensure the effective supervision of the Commission and in

keeping with the key principles and spirit of the Commission's own guidelines on corporate governance, remained at three (3). The Committees are as follows:

- Finance and Administration Committee
- Approvals and Licensing Committee
- Research and Market Development Committee

The respective mandates of the Committees captures the existing departmental structure and functions at the SEC. Each Committee in turn submits a report on its work to the Commission at each meeting of the Commission, for its final decision and/or endorsement.

The membership of the Committee is made up of three non-executive Commissioners, the Director-General and either of the two (2) Deputy Directors-General.

Internal Audit

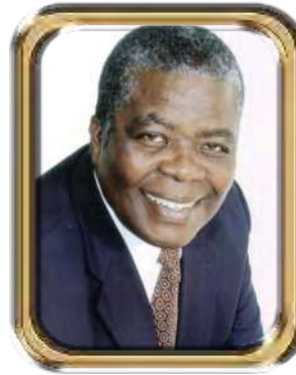
The Commission has as part of its governance structure an Internal Audit Department which ensures that all activities undertaken by the Commission are in line with laid down laws. The department reports directly to the Director-General. During the year under review, the department prepared a three - year plan of work for the Internal Audit Department. This document is meant to guide the operations of the Department for the next three (3) years.

► MEMBERS OF THE COMMISSION



Professor E.V.O Dankwa
CHAIRMAN

Professor E.V.O Dankwa is a retired Associate Professor of Law of the University of Ghana, Legon. He is a private legal practitioner.



Dr. Nii Kwaku Sowa
DIRECTOR GENERAL

Dr. Nii Kwaku Sowa is an economist by training with a wide experience in lecturing, research, policy analysis and consultancy. His research bias has been in the areas of Monetary Theory, Economic Policy Management, and Applied Econometrics. He is a member of the Monetary Policy Committee of the Bank of Ghana.



Mr. Kenneth Okwabi
DEPUTY DIRECTOR GENERAL I

Mr. Kenneth Okwabi is a Barrister - at - Law (BL) from the Ghana School of Law with impeccable track record in legal practice specializing in corporate, commercial Law and in Securities Law.



Mr. Ekow Acquaaah-Arhin
DEPUTY DIRECTOR GENERAL II

Mr. Ekow Acquaaah-Arhin is a chartered accountant and also holds a MSc degree in Public Sector Economics from the University of Buckingham, UK and Bachelor of Commerce (Honours) degree from the University of Cape Coast



Dr. Charles Asembri
MEMBER

Dr. Charles Asembri is a Securities Market Consultant and holds a Doctorate Degree (PhD) in Business Administration from the Graduate School of the City of New York as well as an Advanced Professional Certificate in Finance.



Mrs. Justice Margaret Welbourne
MEMBER

Mrs. Justice Margaret Welbourne is a High Court Judge with the Commercial Courts in Ghana. She holds a LLM in International Taxation from the Harvard University.



Mrs. Jemima Mamaa Oware
MEMBER (REP., REGISTRAR GENERAL)

Mrs. Jemima Mamaa Oware is currently the Chief State Attorney. She is a Barrister - at - Law (BL) from the Ghana School of Law.



Mr. Kofi Otutu Adu Labi
MEMBER (REP., BANK OF GHANA)

Mr. Kofi Otutu Adu Labi is a Barrister - at - Law (BL) and currently an Adviser to the Governor of Central Bank of Ghana.

► MEMBERS OF THE COMMISSION



Mr. K. B. Oku-Afari
MEMBER (REP., MINISTRY OF FINANCE)

Mr. Kwabena Oku-Afari is the Director, Policy Analysis Division of the Ministry of Finance and Economic Planning. He represents the Ministry.



Ms. Sena Kudjawu
MEMBER

Ms. Sena Kudjawu is Barrister – at – Law from Middle Temple, UK and holds a LLB (Hons.) from the University of Warwick, UK.



Mr. Joe Aboagye Debrah
MEMBER

Mr. Joe Aboagye Debrah is a Barrister - at - Law (BL) from the Ghana School of Law and holds a LLM (with merit) in International Banking and Finance, London School of Economics, UK.





OPERATIONAL REVIEW



► OPERATIONAL REVIEW

Introduction



2009 began with many uncertainties for the economy of Ghana. On the domestic front, the political elections which took place at the end of 2008 led to a change in government, with hints of the nation's coffers being close to empty; from external sources, there were fears about the second round impact of the global financial crisis. These uncertainties also generated a chain of uncertainties that adversely impacted on the economy in general and the capital market in particular.

Consumer expectations became unstable and fuelled an inflation spiral. With inflation rising and strong fiscal demands on government, the consequence was an increase in interest rates on the money market. The renewed attractiveness of money market instruments contributed to weakening activity on the Ghanaian capital market.

Further, the uncertainties that plagued Ghana in the immediate period following the elections also caused foreign investors holding Ghana Government medium to long-term bonds to redeem these instruments. These were, however, picked up by local nominees who sought for foreign exchange on the open market to pay these foreign investors. The resultant pressure on the foreign exchange market in Ghana led to a steep depreciation of the local currency, the cedi.

There was a spill-over on the market for domestic funds under management. In the first quarter of 2009, mutual funds in Ghana came under severe pressure as there were massive redemptions by investors. What is not clear is whether these redemptions were the result of impact of the global

financial crisis or due to the uncertainties about the Ghanaian economy.

The threat of a run on funds in Ghana was the worse scare as far as resource mobilization in Ghana is concerned in recent times. The Securities and Exchange Commission and the Ghana Securities Industry Association (GSIA) organized a one day public education seminar to calm the investing public. By the middle of the second quarter of 2009, confidence has been restored to the system and investors have resumed placements with the managed funds again.

A third act which adversely impacted on the Ghana market was a contagion effect of the meltdown in Nigeria. A major stock, with a strong weight in the index of the Ghana Stock Exchange, is cross-listed in Ghana, Nigeria, and the francophone region. Arbitrage trading in this stock ensured that the depression the stock suffered on the Nigerian market was transferred to the Ghanaian market as well. This caused the market index in Ghana to depreciate by about 40 percent during 2009. In spite of the fact that other stocks on the Ghanaian market have made gains, the weight of the depressed stock overwhelmed the whole market into a bearish mode.

The above developments notwithstanding, the Ghana Securities and Exchange Commission continued to exercise strong supervision over the capital market.

The following is a review of activities defining the work of the SEC for the year 2009:



**Legal and
Enforcement**

**Market
Surveillance**

**Corporate Finance &
Investment Management**

**Research
& Market**

**Administration &
Human Resource**





► OPERATIONAL REVIEW

Legal and Enforcement

The main duties and responsibilities of the department include the following:

- Reviewing and Drafting Rules and Regulations
- Providing legal advisory services
- Processing of complaints
- Investigations
- Referral of offences for prosecution
- Undertaking enforcement actions on behalf of the commission

The department in 2009 commenced work with a team of experts to review the Securities Industry Act and other subordinate legislations.

The Legal and Enforcement Department is directly under the supervision of the Deputy Director General I. In 2009, the following activities were undertaken by the department.

ENFORCEMENT ACTIONS

During the year under review, the department undertook investigative and enforcement actions against various violators of the Securities Act mainly upon referrals from the Market Surveillance department. Enforcement actions were mainly against defaulters of various continuous licensing and compliance requirements.

The enforcement actions undertaken by the department included the following:

- a.

Revocation of the license of Quad Investments Limited for non submission of returns as per regulation 35 of LI 1728.
- b.

Suspension of the license of Liberty Capital Investment Limited for operating an unlicensed product.
- c.

Suspension of licenses of the following companies for non-compliance with capital requirements as per regulation 14 of LI 1728.

- Stanbic Investment Management Limited
 - African Alliance Limited
 - QFS Securities Limited
 - SDC Brokerage Limited

- First Banc Limited
- HFC Brokerage Limited
- SEM Financials Limited and
- SAS Investment Management Limited

d. Suspension and subsequent restoration of the licenses of SEM Capital Limited and SAS Limited for Shareholders Funds inadequacies as per regulation 33 of LI 1728.

LITIGATION

In the course of the year under review, the Commission continued to litigate in a case titled Daniel Ofori Vrs. Databank Brokerage Services Limited , William Oppong - Bio, Ecobank Ghana Limited, Securities and Exchange Commission and the Ghana Stock Exchange.

By a Writ and Statement of Claim filed on the 3rd of April 2008, Daniel Ofori, Plaintiff, through his counsel Joe Debrah of 1st Law Chambers sued Ecobank Ghana Limited, the Defendant in the Commercial Division of the High Court, for the following reliefs:-

- An order that the Defendant credits the accounts of the Plaintiff with the full value for the Defendant's bankers drafts lodged by the plaintiff.
- An order of injunction against the Defendant to restrain it from interfering with the Plaintiff's funds representing the full value of banker's drafts issued by the Defendant.
- An order that the Defendant gives value for the payment order dated May 30, 2008 and deposited into the Plaintiff's account with SG-SSB Ltd.
- Damages
- Costs

Subsequently, upon application by Plaintiff's Solicitor, the High Court on the 25th of March 2009,

granted an application for joinder and ordered that William Oppong–Bio, Databank Brokerage Limited, the SEC and the Ghana Stock Exchange be joined to the matter as the 2nd, 3rd 4th and 5th Defendants respectively. The SEC was thus served with a Writ dated 1st April 2009 from the Plaintiff to that effect.

Proceedings continue in the matter.

REVIEWING AND DRAFTING RULES AND REGULATIONS

Review of the Securities Industry Act (SIA)

During the year under review, the Legal department worked closely with a team of experts from Global Mandate Consulting, a financial consulting firm, which had been awarded a contract under the EMCB – Government of Ghana project to review the Securities Industry Act and subordinate legislations. The objective of the review was to ensure that all the Securities Laws were aligned to International Best Practices taking into consideration the domestic financial industry needs. The end result will be the redrafting of the Act and all the Rules and Regulations requiring amendment.

The review process is ongoing.

The Review of the Companies Code

During the year under review, the department partook in various workshops on the review of the Companies Code, 1963, Act 179. The department on behalf of the Commission had earlier in 2008 submitted a report to a Committee of Experts mandated to review of the Companies Code. Suggested areas for review in the Code included a clear definition of a public company, time period for the payment of dividends, the issue of unclaimed dividends, inadequate bankruptcy provisions, and review of the Private Partnership Act among others.

Work on the Draft Bill is still in progress.

Development of Regulatory and Legal Framework for REITs

The department in 2009 initiated steps to develop a Legal and Regulatory Framework for Real Estate Investment Trusts (REITS) in Ghana. Processes are still ongoing to have the Framework in place.

Development of Insider Trading Rules and Rules on the Purchase and Sale of own Securities

The department in 2009 continued work on a proposed Insider Trading Rules and Rules on the Purchase and Sale of own Securities. Work on the Rules is ongoing.

PROVIDING LEGAL ADVISORY SERVICES

The department during the year under review provided the Corporate Finance and Investment Management (CFIM) department with various legal opinions in the course of the CFIM department review of offering documents and other licensing applications submitted for approval.

The department also assisted with investor enquiries relating to the interpretation of the Securities Act and Rules made thereunder.

REFERRAL OF OFFENCES FOR PROSECUTION

Under the Securities Industry Act, 1993, PNDCL333 as amended by the Securities Industry Amendment Act, 2000, Act 590, prosecutions for an offence against any provision of the law is reserved for the Attorney-General (AG). This provision poses a challenge for the Commission in its enforcement efforts. During the period under review the legal department, on behalf of the Commission, initiated a collaborative effort with the AG's Department to facilitate prosecution of such offences.

INVESTIGATIONS

During the year under review, the department with the assistance of the Market Surveillance

Department initiated investigations into complaints lodged with the Commission by investors. These include:-

Complaint 1

A complaint was received on the 5th June, 2009 from an investor, who stated that she, together with two (2) of her children subscribed to shares in the SG-SSB IPO with an address in the United Kingdom (U.K).

According to the complainant, she and her children had not been receiving annual reports of the company from the Registrars as well as notices regarding the opening and closure of registers prior to the declaration of dividends.

The complainant also alleged that, from the date of purchase of the shares, they had only a couple of dividend warrants mailed to them. The warrants however were received by them several months after the declaration of dividends. Furthermore, being non-resident Ghanaians, they were having difficulties cashing the warrants as it was drawn on the Ghanaian Bank. The complainant alleged that several attempts to resolve the issue had failed.

The complainants therefore sought the assistance of the SEC to investigate and ascertain from the Registrars, the cumulative amount of dividends due to them since their subscriptions and also how soon the amount can be paid to them.

Status

The department instituted an investigation into the complaint. The findings pointed to lack of communication due to postal addresses. The Registrars have since communicated their willingness to re-issue all unclaimed dividends to the complainant. The Complainant was also advised to open an account in Ghana to pay in any dividend warrants and also to update her records with the Registrar.

Complaint 2

A complaint was filed with the Commission on 20th July, 2009. The complainant stated that he held 10,000 shares in Ghana Breweries Limited before it was acquired by Guinness Ghana Ltd. Ghana Breweries Limited has gone into voluntary liquidation to enable it complete merger with Guinness Ghana Ltd.

The complainant alleged that the last communication he had from the liquidator was in September 2008 on the distribution of proceeds of sale to shareholders. Since then he had neither received any communication nor had any distribution of proceeds of sale made to him.

Status

The department instituted an investigation with the assistance of the Market Surveillance department into the issue. The Registrars attributed the error to communication lapses. The Registrars have subsequently communicated with the complainant to submit all relevant documentation and ID to facilitate transmission of his share of the distribution of the proceeds.

Complaint 3

A complaint was filed on 24th June, 2009 by an investor. The complainant claimed that in 1999 he owned 500 and 370 shares of SSB (now SG-SSB), 400 and 100 shares of FML, and 500 shares of GGL (now GGBL). These shares were managed by a now defunct company, United Securities Trust Limited (USTL).

USTL was expelled From the GSE for fraudulent practices and its licence subsequently revoked by the SEC in 1999. The company was directed to refund all investors fund to them including any share certificates in their possession at the time of the revocation of the licence. The complainant in tracing his investments could

only trace 370 shares of SSB, 100 shares of FML, and 500 shares of GGL on the books of the respective registrars. However, the 500 shares of SSB and 400 shares of FML could not be accounted for in the register. The Complainant attached copies of the “Purchase Contract Notes” to the complaint to back his claim.

The complainant therefore sought the assistance of the SEC in tracing those shares.

Status

Investigations by the department confirmed that the complainants' shares could not be traced on the register kept by the Registrars. The department requested for additional documentation from the complainant such as statements of accounts and is still investigating the matter with the assistance of the market surveillance department.

Complaint 4

The complainant, an investor filed a complaint with the Commission claiming that he had authorized his brokers to sell on his behalf 5,600 shares in Standard Chartered Bank preference shares out of which 4,795 were sold on April 24, 2008. The complainant further claimed that although accounts statement received by him indicated that proceeds were paid to him on April 28, 2008, he was actually paid on July 3, 2008. He further alleged that dividends on the 4,795 shares were not paid to him even though he was entitled to the dividends by virtue of being the bona fide owner of the shares as at the close of the register of interests.

The complainant petitioned the Commission to investigate and determine exactly when the shares were sold and be paid interest on the proceeds for delay in payment as well as to have the dividends paid to him.

Status

Investigations revealed that the complainant's shares were sold on April 24, 2008 and payment

was made on July 3, 2008 not April 28, 2008 as indicated on his statement of accounts. Furthermore, the complainant was found to be entitled to dividend payment on the remaining shares as the sale of his shares took place after the closure of the register of interests.

The brokerage firm was directed to pay the complaint interest on the sale proceeds for the delay in payment. The Registrar was also directed to rectify the error and pay the dividends to the complainant.

Complaint 5

An investor with a Unit Trust Scheme filed a complaint with the Commission claiming that he had invested in the Trust since 2004 and not received any statement / investors report in accordance with the scheme particulars and the statutory Regulations of Collective Investment Schemes. He therefore petitioned the Commission to direct the managers of the scheme to forward to him all his statements since 2004.

Status

Upon investigations by the department, it was revealed that although the investor was listed

as an investor of the trust scheme, the managers' records did not have a forwarding address. Thus although statements were prepared for him in accordance with the law, it could not be sent to him.

The unit trust manager has since updated their records and sent to the complainant all his statements since 2004.

Complaint 6

The complainant alleged that as a shareholder of Benso Oil Palm Plantation Ltd. (BOPP) since 2004, he had not received his 2008 BOPP dividend entitlements.

He therefore petitioned the Commission to investigate and compel the registrars to pay him his dividends.

Status

Investigations by the department showed that the complainant had ceased to be the owner of the shares as at the date of closure of the register. The investigations revealed that the complainant had purchased the shares in 2004 on credit from the broker and had failed since then to pay for the shares. The broker, thus in 2008, prior to the closure of the register of interests liquidated the shares to defray the debt.



Market Surveillance

The main duties and responsibilities of the department include the following:

- Monitoring (off-site) which involves reviewing and reporting on returns submitted by all market operators
- Reviewing and reporting on the financial and systemic stability of all market operators
- Inspections (on-site): Undertake and report on inspection visits to all market operators with the view of monitoring compliance with the securities industry's laws, regulations and international best practices
- Reporting any persistent non-compliance or serious infractions to the Legal and Enforcement Department for further action
- Handling of complaints
- Recommending regulatory enhancements

The department in the course of the year under review put together a draft Operations manual for the department covering the activities of the department and which specifies the purview of MSD including specifying functions such as on-site and off-site supervision of Market operators, supervision of registrars and stock exchange, preparation and submissions of reports to the Commission etc

The Market Surveillance Department is directly under the supervision of the Deputy Director General I. In 2009, the following activities were undertaken by the department.

OFF-SITE REVIEWS

The department received and reviewed returns from market participants during the period under review. The returns received are:

Monthly returns:

This consists of a cash flow statements and a statement of liquid funds. It is submitted by broker-dealers and investment advisers. Broker-dealers also provide a statement of proprietary share holding by dealers, their licensed representatives and key staff.

Quarterly returns:

This is made up of profit and loss accounts, balance sheet, a cash flow statement and a statement of liquid funds. Both Broker-dealers and Investment Advisers also submit quarterly compliance reports. Investment advisers provide returns on funds under their management. Custodians, Trustees and Registrars submit operational returns to the Commission.

Annual returns:

This consists of a set of audited financial statements.

Daily Reports:

This consists of trading reports submitted on a daily basis by the Ghana Stock Exchange.

ON-SITE INSPECTION VISITS

In 2009, the department worked with its annual scheduled plan of action and visited a number of market operators.

The choice of companies and number to visit was influenced by number of staff available and the risk profile of the companies involved. The areas of review included among others; their

- Capital adequacy
- Licencing
- Client and trade documentation
- Directorship
- IT and systems effectiveness.

The following companies were visited in 2009.

1. HFC Investment Services Limited
2. HFC Brokerage Limited
3. SAS Investment Management Limited
4. SAS Limited
5. CAL Asset Management Limited
6. CAL Brokers Limited
7. CIDAN Investments Limited
8. QFS Securities Limited
9. Gold Coast Securities Limited
10. SDC Securities Limited
11. Fidelity Capital Partners Limited
12. JCS Investments Limited
13. SEM Capital Limited
14. Boulders Advisors Limited
15. Stanbic Investment Services Limited
16. Liberty Capital Limited
17. Liberty Investments Limited (now GLICO Investments Limited)
18. NTHC Registrars Limited

19. GCB Registrars Limited
20. Merban Registrars Limited.

Some of the infractions identified from the on-site inspections were as follows:

- a. Non-availability of important documents like strategic plans, disaster recovery manual , operations manual, auditors' long form (management) reports and code of ethics.
- b. Maintenance of debit balances on client accounts.
- c. Non-registering of clients' valued documents.
- d. Improper documentation of clients' details and inaccurate recording of clients' assets.
- e. Poor book keeping practices including non-preparation or non-authorization of bank reconciliation statements.
- f. Problems with software eg lack of audit trail.
- g. Perpetual debit balances kept on clients accounts.
- h. Some market operators did not establish and / did not utilize their clients' trust accounts properly
- i. Improper management of account opening documentation (Know Your Client Form) (KYCF).

The above infractions were duly referred to the Legal and Enforcement Department for the appropriate enforcement actions to be taken.

Draft Operations manual

The department in the course of the year under review put together a draft operations manual for its use covering the activities of the department. The manual specifies the purview of MSD including specifying functions such as on-site and off-site supervision of Market operators, supervision of registrars and stock exchange , preparation and submissions of reports to the Commission etc.

Corporate Finance and Investment Management

The main duties and responsibilities of the department include the following:

- Ensuring disclosure of information by issuers of securities
- Reviewing of prospectuses
- Reviewing of Takeovers and Mergers Documents
- Examining financial reports of public companies
- Working with private –sector activity bodies to formulate accounting standards
- Licensing of Collective Investment Schemes and Registration of fund prospectuses

The Corporate Finance and Investment Management (CFIM) Department is directly under the supervision of the Deputy Director General II. The year 2009 activities comprised mainly of the review of offer documents, licensing requests and the renewal of licences. Below are highlights of activities undertaken by the department in 2009.

REVIEW OF DOCUMENTS AND LICENSING

Licensing

There was a decrease in the number of licensing applications received from 32 in 2008 to 22 in 2009. The breakdown is as follows:

Rights Issues	5
Collective Investment Schemes (CIS)	8
Investment Advisors' licences	6
Dealers' licences (1 brokerage, 1 registrar, 1 custodian)	3
TOTAL	22

Out of the number received, fifteen completed applications were processed and considered by the Approvals and Licensing (A&L) Committee.

Conditional approvals were given for the following applications: Short-term Cash Fund Limited, Aggressive Growth Fund Limited, Regular Income Fund Limited, Dollar Income Fund Limited and Grofin Ghana Limited subject to minor clarifications, or submission of information.

The year 2009 activities comprised mainly of the review of offer documents, licensing requests and the renewal of licences. There was a decrease in the number of licensing applications received from 32 in 2008 to 22 in 2009.

Public Offers

Thirteen (13) public offer documents were submitted to the Commission for approval. These were made up of five (5) right issues, five (5) unit trusts schemes and three (3) mutual funds schemes. Table 1 (Appendix B) shows a summary of the applications reviewed for public offers and their status as at the close of the year.

Investment Advisers and Dealers Licences

During the year under review, nine (9) applications for licences to operate Investment Advisory and Dealership businesses were submitted to the Commission for approval. Five (5) out of the nine (9) applications were processed for consideration by the A & L Committee and were approved. The table below shows the position of applications received as at close of year.

Applicant	Type of Licence	Status
Computershare Pan Africa Ghana Ltd	Dealer – Registrar	Approved
FirstBanc Brokerage Services Ltd	Dealer – Broker	Approved
Fidelity Bank Ltd	Dealer - Custodian	Approved
Frontline Capital Advisors Ltd	Investment Advisor	Approved
Grofin Ghana Ltd	Investment Advisor	Approved
Gateway Investment Fund Managers Ltd	Investment Advisor	Being processed
Premier Resources Ltd	Investment Advisor	Being processed
Oasis Capital Ltd	Investment Advisor	Being processed
Renaissance Africa Group Ltd	Investment Advisor	Being processed

Renewal of Licences

Under the Securities Industry Laws, all licenced operators are required to renew their licences with the Commission on an annual basis.

In pursuance of the above, the Commission in 2009 renewed the licences for all Collective Investment Schemes (CIS).

Investment advisers and dealers licenses that expired on 30 June 2009 were also renewed. Provident Insurance Company Limited, Orialles Limited and CDH Securities Limited however failed to apply for renewal of their respective licences.

General Meetings

The CFIM department in the year under review attended and supervised the Annual General Meetings of thirty one (31) out of thirty five (35) companies listed on the Ghana Stock Exchange.

Post-Offer Inspection

The department in the year under review conducted post offer inspections on some public companies that had issued shares to the public through Initial Public Offerings (IPOs). The companies inspected were SIC Insurance Ltd (SIC), Ghana Oil Company Ltd (GOIL), UT Financial Services, Ghana Commercial Bank Ltd and Campus Mutual Fund Ltd.

Research and Market Development



The main duties and responsibilities of the department include the following:

- General research in the fields of finance law and capital market development
- Investor Education
- Analyzing data on market activities that may require attention by the Commission
- Analyzing potentially significant market developments
- Supplying information for presentations by staff of the Commission
- Preparation of all publications of the Commission
- General Public Relations
- Publicizing the role of the Commission
- Coordinating media relations and monitoring media coverage of issues related to the Commission and the securities industry

The department on behalf of the Commission spearheaded among other things, the initiation of the following projects aimed at deepening the capital market in Ghana.

1. Development of Ghana Alternative Investment Market
2. Development of a National Commodities Exchange & Warehouse Receipt System
3. Establishment of a Securities & Investment Institute
4. Reviewing the Securities Industry Law and associated legislations.

The Research and Market Development Department is directly under the supervision of the Deputy Director General I. In 2009, the following activities were undertaken by the department.

MARKET DEVELOPMENT:

Development of Ghana Alternative Investment Market (GAIM)

In 2009, the Department successfully coordinated activities of the Consultant, Computershare/Afridaq Consortium, to finalize the drafting of new rules towards the establishment of an Alternative Investment Market in Ghana. This new securities market is intended to fill a gap in the securities market with the aim of serving the needs of Small to Medium Scale companies to have access to the capital market, and also to facilitate transparent trading of shares of unlisted companies in the country.

The Ghana Alternative Investment Market (GAIM) platform, will for instance, allow companies with as low as fifty (50) shareholders or a minimum capitalization to raise capital on the market and use it to grow into big companies. This market is designed to suit the country's industrial structure which is predominantly micro, small and medium scale industrial concerns.

The implementation of this capital market development strategy will assist the country to accelerate its economic development and growth. The new market will have strict adherence to prompt and accurate disclosure of material information and corporate governance standards as its major policy plank and key critical success factors.

Development of a National Commodities Exchange & Warehouse Receipt System

During the year under review, the Research and Market Development Department facilitated the successful completion of a feasibility study towards the establishment of a national commodities exchange. The proposed exchange will place initial emphasis on soft commodities with the aim of facilitating trading and finance in the country's soft commodities sector.

Fourteen Commodities such as cocoa, cashew, soybeans, sheanuts, sorghum, rice (paddy), cassava flour, palm oil, seed cotton, groundnuts (peanuts) and maize (white and yellow), were identified as potential and viable candidates for the commodities exchange and warehouse receipt system in the country. A gradual or phased approach is recommended, starting with the development of a strong “cash or spot” market upon which a viable “futures” market will be built for the above commodities.

In pursuance of the above, the department on behalf of the Commission initiated the process of short-listing a consultant to draft the legal and regulatory framework to underpin the establishment of the commodities exchange and warehouse receipt system. Expression of Interest (EOI) was advertised, received, evaluated and report submitted to the World Bank for a “no objection” to enable the Commission to proceed to the next phase of the selection process, in accordance with the World Bank's procurement

procedures. As at the end of 2009, the Securities and Exchange Commission was still awaiting the “no objection” from the World Bank.

Establishment of a Securities & Investment Institute

In 2009, the Department coordinated activities to procure the services of a consultant leading to the establishment of a Securities & Investment Institute to provide professional examinations and licensing regime for securities players and practitioners in the industry. The institute will help build capacity for the securities industry including development of a programme for Continuous Professional Development (CPDs), training and possible accreditation and training for company directors. The Institute will also promote corporate governance standards, undertake securities training and research among other things. The Commission is yet to receive a world Bank's “no objection” to enter into negotiation and signing of contract with the consultant who has been short-listed to commence work.

Development of a Strategic Plan for SEC

As part of the many market driven initiatives such as the above by the SEC, and meeting the changing and dynamic demands of the market place and the entire securities industry, The department on behalf of the Commission initiated the process of inviting consultants to develop a five-year strategic plan for the SEC. Accordingly, a comprehensive Terms of Reference (TOR) was drafted and accepted by the World Bank.

Expression of Interest (EOI) was advertised and six consultants short-listed to submit proposals. The proposals have subsequently been evaluated and consultant selected. A world Bank's “no objection” is being awaited by the Commission to negotiate and sign contract for commencement of work.

Registration of Capital Market Consultants

In line with the Commission's mandate contained in the Securities Industry Law PNDCL333 S.9(c) to register, license, authorize and regulate market operators in accordance with the Law, the Legal department with the assistance of the RMD department conducted a research on best practices into a proposal by the Commission to license capital market consultants as a category of market operators to ensure that fit and proper persons operate in the industry.

Work is ongoing to finalize the report.

Application Development

The IT department with the assistance of the RMD department is in the process of developing application software to automate some of the in-house tasks that are performed by staff. Securities and Exchange Commission Management Information System (SECMIS) is an application software developed using Microsoft access, Visual Basic and Crystal reports. The SECMIS runs on the server machine with client computers connecting to it.

It is currently being used to capture details of listed companies, license holders, market operators, trading results, talloc, directors, ADO's, complaints etc. The data captured will be used to generate various reports for departmental use.

Wide Area Network (WAN) Links to the GSE

In keeping up with the pace of development in the Ghanaian capital market, the SEC in the year under review acquired a mast to enable SEC connect to the Ghana Stock Exchange (GSE) Automated Trading System (GATS). The mast has been mounted, radio equipment fixed and configured and links established to the GSE automated trading system. Access to system requires a user name password and authentication by RSA token. SEC has access to

market watch, best prices, water ticker, etc. Analysis of the data is done by importing the data log into the SECMIS software.

PUBLIC EDUCATION

The department continued to sensitize, educate and provide relevant information to key stakeholders towards the deepening and development of the Ghanaian capital market. During the year under review, the department organized and coordinated the following workshops:

- National workshops towards the establishment of Ghana Commodities Exchange (GCE)** – This was meant to promote the concept of establishing a national Commodities Exchange, educate and sensitize stakeholders towards its establishment. The workshops were organized in Accra, Kumasi and Sekondi-Takoradi which brought together key stakeholders from both the public and private sectors of the economy. Three key government Ministries – Ministries of Finance & Economic Planning, Trade and Industry, Food & Agriculture – participated in the workshops. Major financial institutions, farmer groups, food processors and manufacturing companies, collateral management firms, warehouse operators, chiefs and landowners, transporters, Faculty of Agriculture in the country's universities and other stakeholders fully participated in the workshops. The workshops successfully created the right impact and anticipation for the proposed Commodities Exchange.
- National workshops on the establishment of Ghana Alternative Investment Securities Market (GAIM)** - Three separate workshops were held for three separate stakeholders

whose participation was critical to the successful establishment of the GAIM and towards an effective and efficient regularization and formalization of the Over-the-Counter (OTC) Securities Market in Ghana. The key stakeholders who participated were securities market operators, entrepreneurs and firms in the SME sector of the economy, major institutional and retail investors, the Central Bank (Bank of Ghana), Rural and Community Banks (whose shares are trading on the OTC), ARB APEX BANK (regulator of rural and community Banks in Ghana), other financial institutions and corporate entities whose shares are trading on the OTC. These participants provided valuable input into the drafting of the Rules that would guide the operation and regulation of the **GAIM**.

- **National Financial Literacy Week** - The Research and Market Development Department also participated actively in the country's financial literacy programme sponsored by the Ministry of Finance and Economic Planning. It involved all the sectors and players in the financial industry in the country and was targeted at the general working public. The overriding aim of this programme was to educate and expose the public to the benefits of the various financial products in the country – ranging from insurance, banking, securities and non-bank financial products (micro savings and credit products, leasing etc.). Through the effective co-ordination of the Department, securities market players were organized to promote Collective Investment Schemes (CIS)

- **Africa Regional Market Development Conference** – In September 2009, the Ghana Securities and Exchange Commission hosted the fourth in the series of the Africa Market Development Conferences organized by the United States Securities and Exchange Commission (USSEC), with support from the United States Agency for International Development (USAID), to enhance knowledge in securities market regulation in Africa. The theme for the workshop was “Towards Effective Regulation and Development of an Efficient Capital Market in Africa”. A total of approximately 100 participants from 10 African countries attended the conference and were treated to expert presentations by senior members of regulatory agencies from Africa and the United States.

MEDIA RELATIONS

The Research and Market Development Department used effective media relations not only to educate the public on securities but also enhance the profile and visibility of the Commission to a higher level in 2009.

The Department on behalf of the Commission granted interviews to both the electronic and print media and also used the media effectively to make news release. This visibility has made the Commission one of the most preferred sources for business news among the media, particularly, those in the business and economics desk.

Administration and Human Resources

The Administration and Human Resources Department has no direct front line duties but is responsible for ensuring the smooth functioning and the provision and maintenance of the appropriate support services to all departments of the Commission as a whole.

The main duties and responsibilities of the department include the following:

▪ **Developing, implementing and evaluating the Commission's programs for:**

- Human resource,
- Personnel management,
- Recruitment,
- Placement, and staffing,
- Performance management and measurement,
- Employee training and career development,
- Ensuring compliance with governmental establishments codes and administrative circulars wherever applicable;

The Human Resource and Administration Department is directly under the supervision of the Deputy Director-General II.

STAFF STRENGTH

The Commission continued to operate with staff strength of forty-seven (47) during the period under review. A member of staff who had been seconded to the Ministry of Finance and Economic Planning was recalled to augment the strength of the legal department. No new recruitments took place during the period as a result of a freeze on public sector recruitment put in place by the Government in 2008. The department on behalf of the Commission is discussing with government for a dispensation to be granted the Commission to recruit additional staff to beef up the current staffing numbers.

TRAINING AND DEVELOPMENT

The Commission recognizes the ever evolving nature of capital market products and the need for regulators to be abreast with these changes. In the

light of the above, the Commission in 2009 continued with its aggressive training programs aimed at ensuring that staff of the Commission were well braced to face the evolving challenges of the capital market both in Ghana and abroad. Staff of the Commission therefore participated in the following training activities both locally and abroad. Staff of the Commission therefore participated in the following training activities.

- UNITAR E-Learning Program on Corporate Governance and Bond Markets.

Location: Online Program

- IOSCO AMERC Meeting

Location: Oman

- International Law Institute Program on Capital Markets Development & Regulation

Location: USA

- Ghana Bar Association Annual General Conference
Location: Ghana
- Stakeholders workshops on commodities exchange and warehouse receipt systems
Location: Ghana
- Regulatory Familiarization Program, FSB
Location: South Africa
- Seminar on GSE Securities Depository Operations, Clearing and Settlement on the GSE, and Operations of the GSE Automated Trading Systems
Location: Ghana
- Training on Financial Management for Non-Specialists
Location: Ghana
- African Region Market Development Conference
Location: Ghana
- Study Visit on Automated Surveillance Systems
Location: Malaysia, Canada
- International Program on Securities Market Operations
Location: India
- AMERC Training Program on Examination, Investigation and Litigation of Securities Sales Violations
Location: Nigeria
- Study Visit on Commodity Exchanges
Location: Ethiopia
- Emerging Markets Program
Location: Malaysia
- Study Visit on Warehouse Receipts Systems
Location: Tanzania
- FSA International Seminar
Location: London

INTERNATIONAL RELATIONS

The Commission continued to forge close links with international entities and partners. As a fully paid-up member of the International Organization of Securities Commissions (IOSCO), the Commission continued to maintain its position as a member of good standing within the international community of securities regulators and participated actively in IOSCO activities and those of its committees. The above notwithstanding, the Commission is continuing efforts at revising its laws to enable it graduate from a “B” signatory of the Multilateral Memorandum Of Understanding (MMOU) to an “A” signatory within the shortest possible time.



ECONOMIC REVIEW





► ECONOMIC REVIEW

Introduction

Ghana's economy at the beginning of the year 2009 was characterized by wide fiscal deficit estimated at about 14% of GDP, rising inflationary rate of 18.13%, interest rate of 17% and high cedi depreciation against the country's major trading currencies; the US dollar, the Pound Sterling and the Euro.

The economy also had to contend with a possible downside risk to growth and trade emanating from the effects of the global financial turmoil, rising crude oil prices and an unstable domestic economy. Economic activity during the first two quarters of the year was comparatively slower than in 2008.

The government of the day faced an onerous task of restoring confidence in the economy while putting in place measures to curb high exchange rates and inflationary pressures. This resulted in the government resorting to a combination of fiscal and monetary policies geared more towards macroeconomic stability and growth.

This policy framework continued Bank of Ghana's inflationary targeting regime on the monetary side and fiscal discipline characterized by prudent expenditure management and aggressive revenue mobilization.

The policy also aimed at a growth and inflation target of 5.9% and 12.5% respectively by the end of December 2009. In addition, the policy aimed at reducing the fiscal deficit to 9.4% of GDP and to increase gross international reserves by at least two months of import cover by the end of 2009.

During the year under review, inflation increased steadily from 19.89% in January peaking at 20.74% by the end of the second quarter before trending downwards to a modest 15.97% at the close of the year. This trend was largely attributed to the

downward pull of food related inflationary pressures due to the significant gains from the new government's agricultural programmes.

Gross International Reserves of the Bank of Ghana increased by 60 percentage points from US\$ 2bn at the end of 2008 to US\$ 3.2bn representing about 3 months of import cover at the end of 2009.

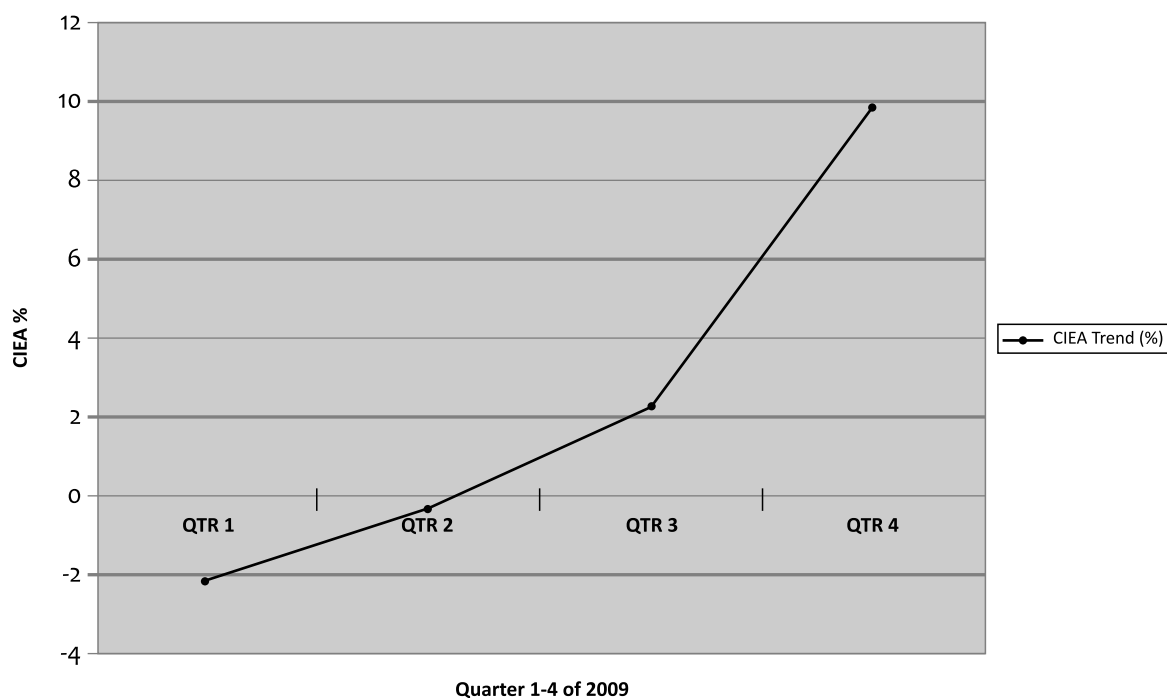
The economy recorded a Gross Domestic Product (GDP) rate of 4.7% missing its target of 5.9%. The local currency performed better having stabilized against the major trading currencies.

REAL SECTOR DEVELOPMENT

Ghana's real sector is anchored on economic activities in three sectors namely, Agriculture, Industry and the Services sectors.

During the year under review, the Composite Index of Economic Activity (CIEA), an index designed by the Bank of Ghana to measure the level of economic activity and consumer confidence in the Ghanaian economy increased by 9.9% on a year-on-year basis.

Composite Index of Economic Activity (CIEA) 2009



Source: Monetary Policy Committee Press Release, February 2010.

Overall, the Ghanaian economy improved significantly and this is clearly demonstrated by diminishing inflationary pressures, relative exchange rate stability and a pick up of economic activity.

Agricultural Sector

Agriculture continues to be the main contributor to the real sector of Ghana's economy. The performance of this particular sector of Ghana's economy therefore impacts significantly on the country's economic development agenda. The sector grew by 6.5% against a target of 5.7% outperforming the previous year which recorded a growth of 4.9% against a target of 5%. Crops and Livestock as well as the cocoa sub-sector saw significant improvements, growing above their targets whiles the fisheries and forestry sub-sectors met their targeted growth rates.

Industrial Sector

The Industrial sector recorded a growth of 3.8% down from a target of 5.9%. This was mainly due to the output contraction in the construction sub-

sector, the single largest contributor to the industry sector of Ghana. However, the electricity and water sub-sector posted impressive growth recording 9.0% against a target of 5.0%.

This has been largely attributed to increase in production at the country's Akosombo and Kpong hydro-electric dams. The mining and quarrying sub-sectors recorded a growth of 8.0% against a target of 5.5% due to the upward trend of the price of Gold, one of the country's most abundant commodities on the international commodities market.

The manufacturing sub-sector also posted positive growth of 5.0% against a target of 4.0%.

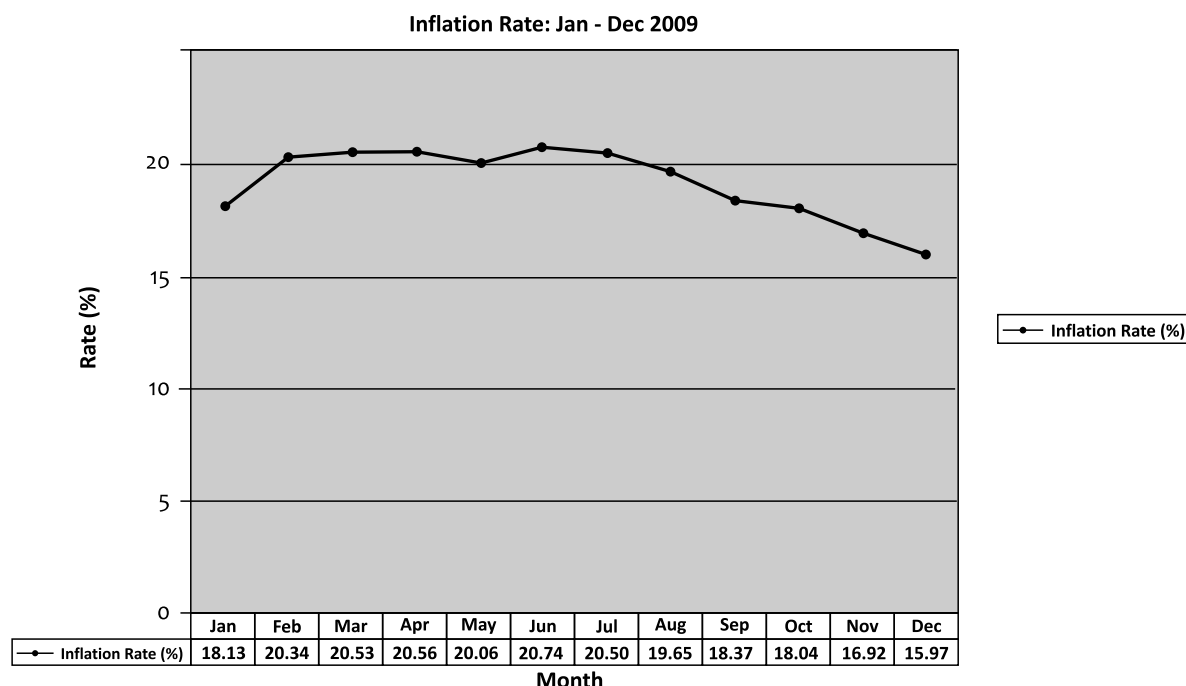
Finally the services sector which comprises sub-sectors such as finance, insurance, hotels, wholesale and retail trade, real estate, government services among others posted a lower-than-expected growth of 4.6% against a target of 6.6% due to the poor performance of the hotel & restaurant as well as the government services sub-sectors.

	2009 Target (%)	2009 (%)
Agriculture	5.7	6.2
Crops & Livestock	6.5	7.0
Cocoa	3.5	5.0
Forestry/Logging	3.5	3.5
Fishing	5.0	5.0
Industry	5.9	3.8
Mining/Quarrying	5.5	8.0
Manufacturing	4.0	5.0
Electricity/Water	4.0	5.0
Construction	8.0	-1.0
Services	6.6	4.6
Transport, storage & communication	7.0	7.0
Wholesale/retail trade, restaurants & hotels	7.0	2.0
Financial, insurance, real estate & business services	10.0	10.0
Government Services	5.0	3.0
Community, social & personal services	4.5	4.5
Private & non-profit services	4.0	4.0

Source: Budget Statement and Economic Policy – 2010 Financial Year

Inflation

Inflation trended upwards during the first half of the 2009 mainly due to escalating prices of crude oil on the global market and its corresponding effects on petroleum products in the local economy. Inflation, which was estimated at 18.1% in January, moved up to 20.74% by June according to the Statistical Service of Ghana. However, during the second half of the year, the economy performed better in terms of a steady decline of inflationary rates closing at 15.97% in December.

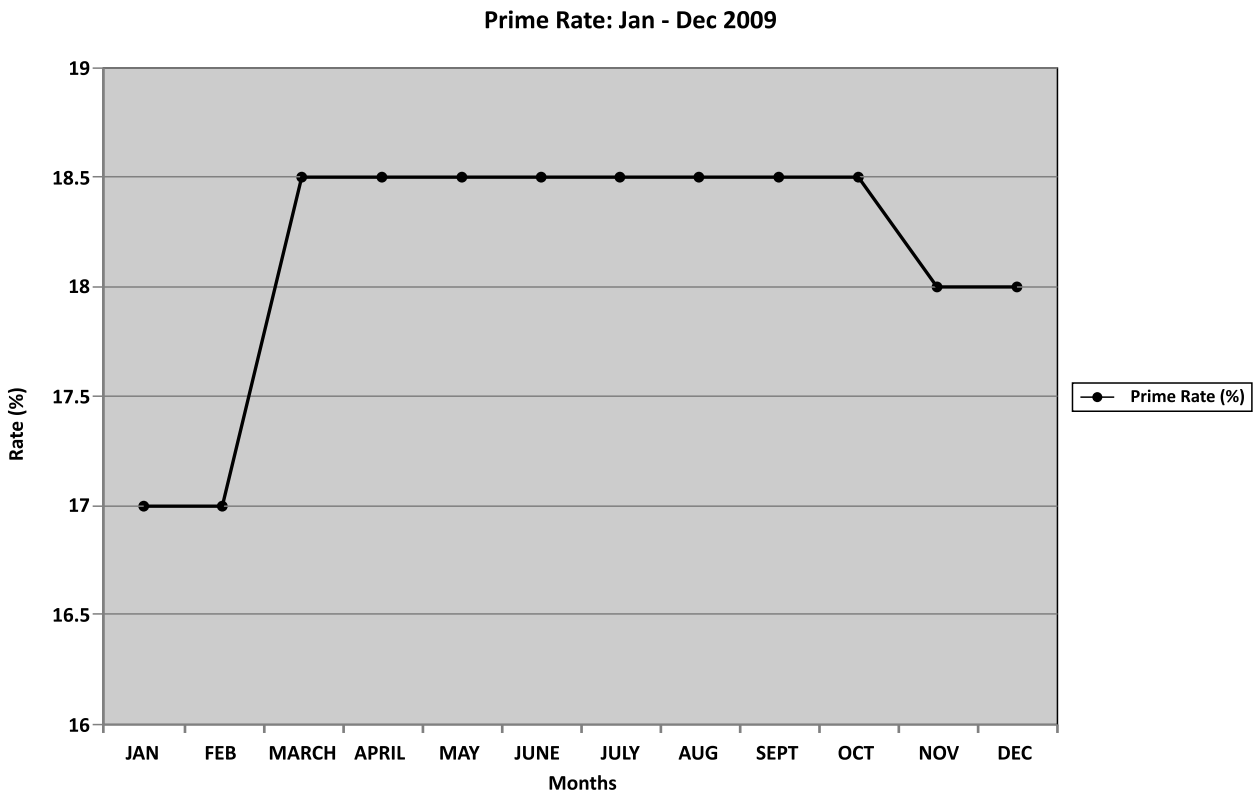


Source: Ghana Statistical Service

Interest Rate

The Monetary Policy Committee (MPC) of the Bank of Ghana, the central bank's committee responsible for setting the bank's prime rate maintained a relatively high average interest rate of 18.17% for the year. The rate was increased from 17.0% in January

rising sharply to 18.5% and remaining same till November when it was marginally reduced to 18.0% due to down trending inflationary pressures. This performance had a very positive influence on the economy driving the cost of capital downwards and stimulating growth.



Source: Bank of Ghana



STOCK MARKET REPORT

INVESTMENT ADVISORY INDUSTRY





► STOCK MARKET REPORT



INTRODUCTION

Macro- economic indicators in 2009 continued to show marked improvement over that of 2008. Inflation, which stood at 18.10% at the end of 2008, had dropped to 15.97% at the close of the year.

The 91-day Treasury Bill rate declined gradually from 24.66% at the beginning of the year to end at 22.53% at the close of 2009. The Ghana Cedi however depreciated against most of the major foreign international trade currencies.

STOCK MARKET REVIEW

The global financial crisis adversely affected the performance of the Ghana Stock Exchange (GSE) in 2009 as both the total trading volumes and values of listed equities fell significantly.

Trading share volume decreased by approximately 81.80% from end of 2008 whilst trading value dropped by approximately 79.70%.

Measured by the GSE All-Share Index, the stock market experienced a loss in index value from 10,431.64points in 2008 to close at 5,572.34points in 2009 representing a year end change in index of - 46.58%.

The fall in index was also as a result of the contagion effect of the stock market meltdown in Nigeria due to the fall in share prices of ETI, which has a strong weight in the GSE All Share Index. ETI is listed in Ghana, Nigeria, and the francophone region.

The average performance of listed companies on the GSE shows that 23 equities experienced drops in their share prices by the end of the year.

Fan Milk Limited was the only equity that recorded an increase in its share price (23.33%). The remaining 11 equities maintained their share prices throughout the year.

MARKET LIQUIDITY / TURNOVER

Secondary market activities were varied with turnover volume traded increasing from 1,797,700 million shares in December 2008 to 7,278,900 million shares in January 2009 and closing the year at 10,280,000 million shares in December 2009.

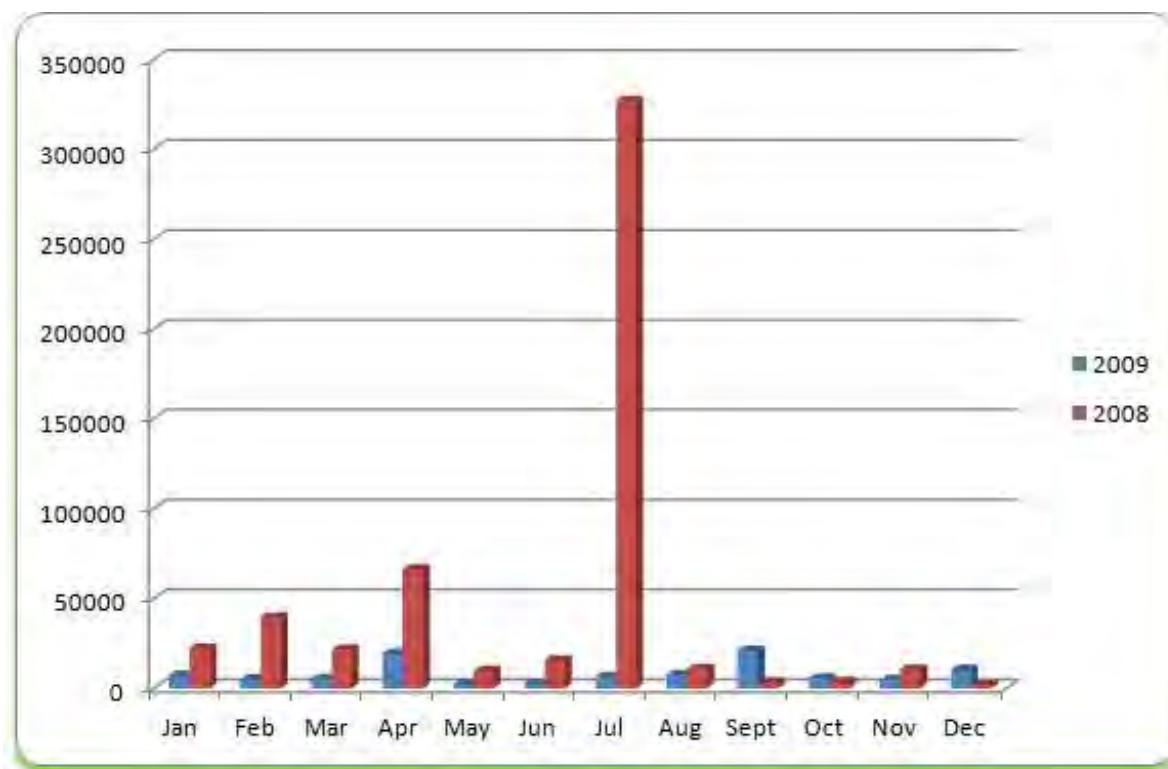
The months of May and June experienced the lowest turnover volumes of 2,210,000 and 2,640,000 respectively.

Among the major contributors to the modest stock market liquidity was Ghana Commercial Bank, which traded 20,577,798 million shares or 21.27% of total volume of shares traded in 2009. Others included Standard Chartered Bank (13.14%) Fan Milk Limited (9.37%), Accra Brewery Limited (9.32%) and Cal Bank Limited (7.93%).

Turn Over Volume ('000)		
	2009	2008
Jan	7278.90	22,164.30
Feb	4,883.60	39,610.00
Mar	5,160.00	21,477.90
Apr	19,300.00	66,270.00
May	2,210.00	9,782.10
Jun	2,640.00	15,654.80
Jul	6,280.00	327,010.10
Aug	7,606.50	10,700.00
Sept	20,980.00	3,251.00
Oct	5,518.39	3,476.30
Nov	4,630.00	10,461.40
Dec	10,280.00	1,797.70

Source: SEC / GSE Market Statistics

Turnover Volume ('000)



THE PRIMARY MARKET

Primary market activities were comprised mainly of the issuance of rights issues. In total four (4) equities made offers of rights issues. Below is a table of the issuers and the amounts sought to be raised

Issuer	Type of Issue	Amount Raised
Ecobank Ghana Ltd	Rights Issue	GH¢79,500,000.00
SG-SSB Bank Ltd	Rights Issue	GH¢19,557,057.80
CAL Bank Ltd	Rights Issue	GH¢13,909, 287.60
StanChart Bank Ltd	Rights Issue	GH¢48,000,000.00

Source: SEC Database

MARKET CAPITALIZATION

Market capitalization of listed companies on the Ghana Stock Exchange decreased by GH¢1,953.2 million. The decrease represents a loss of approximately 10.91%.

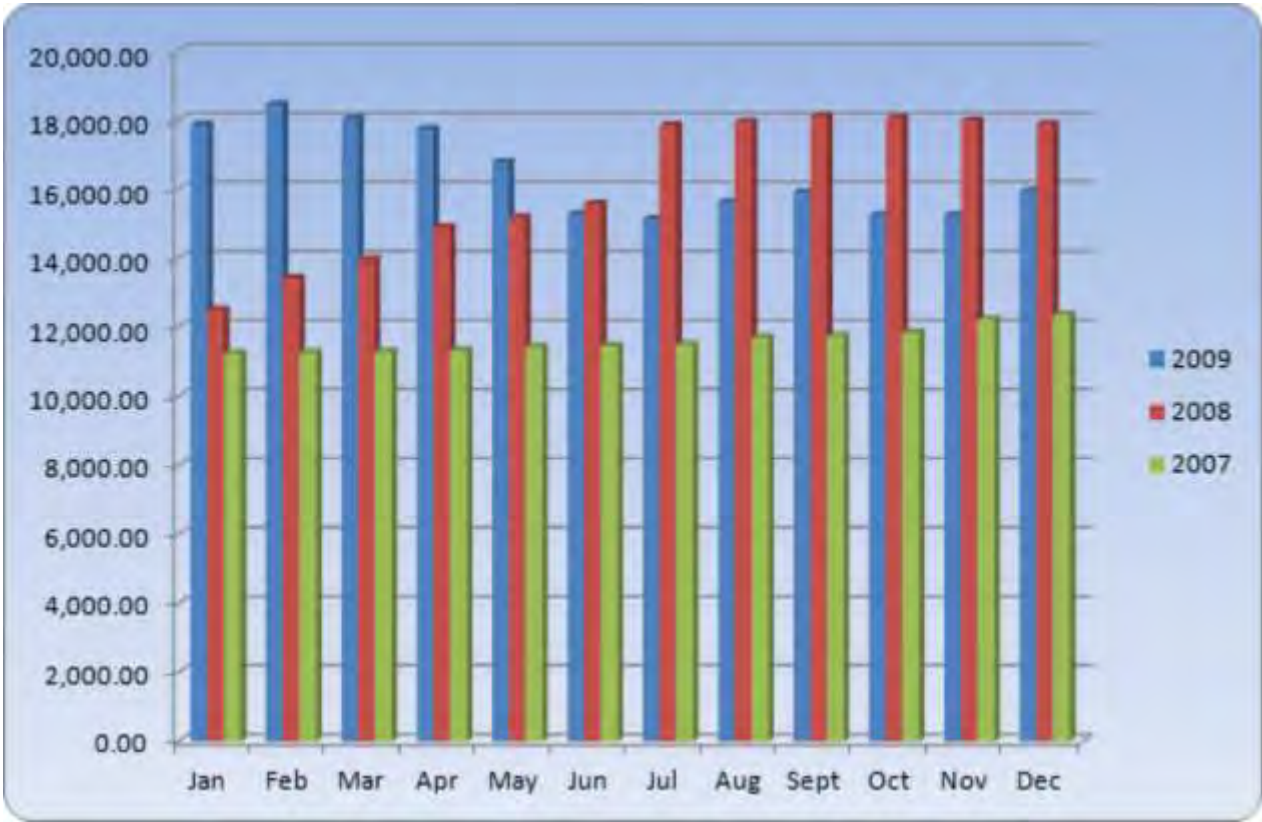
Market Capitalization decreased from GH¢17,895.12 million in 2008 to GH¢15,941.92 million in 2009. The drop was primarily as a result of the fall in prices of most stocks listed on the GSE.

Market Capitalisation Table

	2009 (GH¢m)	2008 (GH¢m)	2007 (GH¢m)
Jan	17,872.87	12,513.29	11,253.29
Feb	18,465.15	13,426.32	11,272.95
Mar	18,041.20	13,961.62	11,301.35
Apr	17,751.90	14,897.37	11,330.74
May	16,787.22	15,190.72	11,431.70
Jun	15,279.49	15,587.76	11,474.40
Jul	15,139.50	17,852.38	11,504.50
Aug	15,627.55	17,953.91	11,707.71
Sept	15,914.08	18,119.78	11,750.66
Oct	15,249.75	18,057.51	11,849.38
Nov	15,257.65	17,984.69	12,227.54
Dec	15,941.92	17,895.12	12,368.60

Source: SEC / GSE Market Statistics

Market Capitalization Chart



THE BOND MARKET

Activities on the Bond market were dismal as no trades were recorded in listed bonds in 2009. The value of listed corporate bonds in 2009 stood at US\$ 2.5 million for the HFC Housbonds, GH¢35 million for the SCB Medium Term Notes and GH¢1,535.06 million for the Government of Ghana Bonds.

► INVESTMENT ADVISORY INDUSTRY

An investment adviser under the laws of Ghana is a person who does all or either of the following:

- i. Carries on the business of advising others on securities; or
- ii. As part of a regular business issues or publishes analysis or reports concerning securities; or
- iii. Pursuant to a contract or arrangement with a client (whether on a discretionary authority granted by the client or otherwise) manages a portfolio of securities for the purpose of investment

In the year 2009, the total number of investment advisers licenced by the Commission stood at 39 from 32 in 2008. Out of this number, 11 operators advised solely on securities and did not engage in the management of funds/portfolio of securities.

In all, the total amount of funds under management as at 31st December 2009 stood at GH¢ 669,709,338.49. This represented an increase of 23.79% over the 2008 figure of GH¢ 540,970,702.40. Cumulatively, the five largest companies in terms of funds under management contributed 59.01% of the total funds under management during the period.

Most of the managers invested in both capital market and money market instruments. Of the licenced investment advisers, Cidan Investments Limited, Databank Asset Management Limited and New World Renaissance Limited invested heavily in equities. In total, twenty-two (22) Investment Advisors invested more than fifty percent (50%) of their funds in money market instruments, mainly due to the fact that nominal returns on money market instruments were relatively attractive.

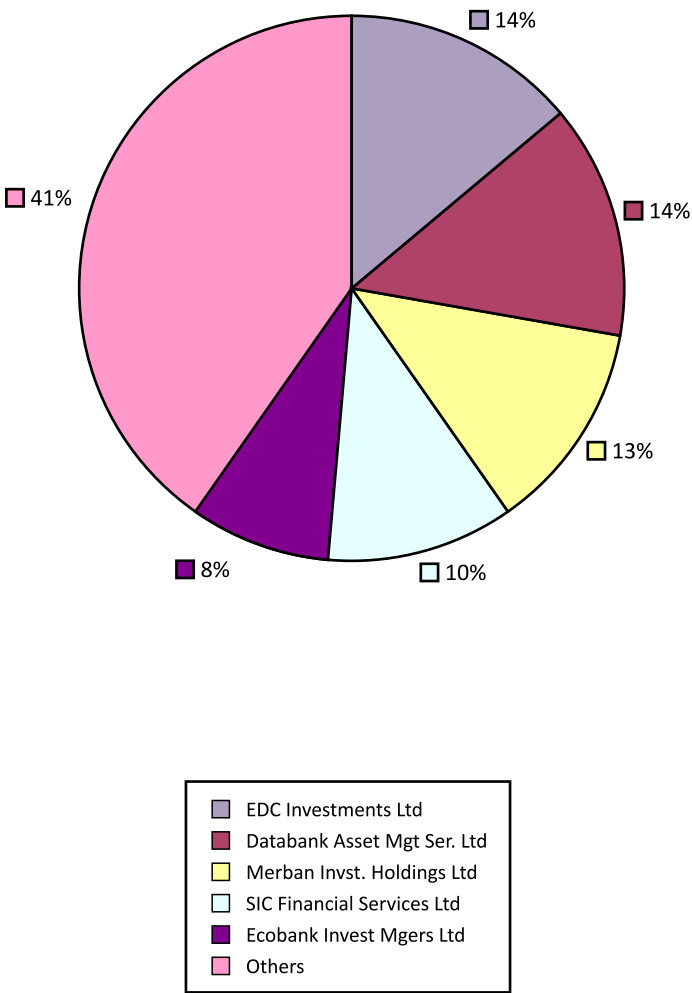
Distribution of Market Share by the Five Largest Investment Advisors and the Rest

Total number of investors having funds under management was 19,401. This figure is made up of 4,029 institutional clients, an increase of 3,216 clients over 2008 figure of 752 and 15,372 retail clients, an increase of 4,271 clients over 2008 figure of 10,654.

The largest investment advisory company in terms of funds under management was EDC Investments Limited with a market share of 14.45% followed by Databank Asset Management Services Limited with a market share of 13.52%.

Merban Investment Holdings Limited, SIC Financial Services Limited and Ecobank Investment Managers Limited had market shares of 12.87%, 10.02% and 8.15% respectively. Cumulatively, the largest five (5) companies in terms of funds under management represent approximately 59.01% of the total market share. A summary of the performance of the Investment Advisory Industry is provided in table 2 (Appendix B)

A Distribution of Market Share of Funds under Management
by the 5 Largest Advisors and the Rest





BROKER-DEALERS

COLLECTIVE INVESTMENT SCHEMES





► BROKER-DEALERS



A dealer is defined under the laws of Ghana to mean a person who carries on a business of dealing in securities whether he carries on any other business or not and includes:-

- (a) a stock broker;
- (b) a share transfer agent;
- (c) a trustee of a collective investment scheme;
- (d) a person who provides custodial services with regard to securities;
- (e) a person who performs the functions of central securities depository and/or provides securities clearing and settlement facilities;
- (f) a registrar to a public issue of securities; etc

There were twenty-two (22) licensed Broker-Dealers at the end of 2009. Five (5) of the companies were not operational owing to the fact they are not Licensed Dealing Members (LDM's) of the Ghana Stock Exchange. The stock brokerage industry was not characterized by much activity due to the bearish performance of the Ghana Stock Exchange in 2009.

In value terms, total transactions in the industry amounted to GH¢100,445,888.21 compared to GH¢737,462,608.30 in 2008. Databank Brokerage Ltd undertook the largest transaction worth GH¢31.1 million, followed by CAL Brokers Ltd with GH¢20.5 million. In terms of market concentration, the top five (5) companies in terms of volumes controlled a market share of 80.54%.

TURNOVER (BY VOLUME)

Total volume of shares traded in 2009 was 162,408,980 shares compared to 1,081,679,862 shares in 2008. The largest brokerage company in terms of volumes traded was Cal Brokers Limited which traded 50,762,205 shares with a total value of GH¢20, 585,593. This was followed by Databank

Brokerage Limited which traded a total of 40,100,000 shares valued at 31, 100,000. The market share of the five (5) largest companies by volume were as follows: Cal Brokers Limited (31.26%), Databank Brokerage Limited (24.9%), African Alliance Securities Limited (12.83%), IC Securities Limited (6.03%) and Strategic African Securities Limited (5.73%). A summary of the performance of Broker-Dealers is provided in table 3 (Appendix B)

CLIENTELE

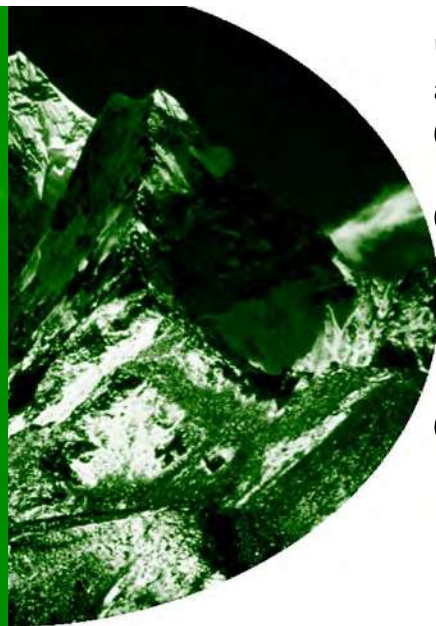
The total number of institutional clients which patronize these broker-dealers was 788. This figure represents an increase of 12% over the 2008 figure of 704. Total retail clients also soared from 10,636 in 2008 to 39,822 clients in 2009. This represented an increase of 274%. EDC stockbrokers had the largest number of institutional clients totaling 129, followed by Databank Brokerage Limited with 101 clients. Worldwide Securities Limited followed closely with 100 institutional clients. On the retail side, NTHC Securities Limited led the pack with 12,015 clients, followed by Merban Stockbrokers Limited with 8, 850 clients.

Table of No. of Clientele

Years	Institutional Clients	% Change	Retail Clients	% Change
2007	1,300	-	9,141	-
2008	704	-45.85	10,636	16.35
2009	788	11.93	39,822	274.41



► COLLECTIVE INVESTMENT SCHEMES



Under the Laws of Ghana, a Collective Investment Scheme means an arrangement by which:-

- (a) contributions to the scheme by persons taking part in the scheme are pooled;
- (b) the contributions are invested in eligible assets by the Manager of the scheme on behalf of the contributors;
- (c) persons making contributions to the scheme become shareholders or unit holders in the scheme but do not have day to day control over the management of the assets;
- (d) as shareholders or unit holders, contributors to the scheme participate in or receive profits or income or sums paid out of the profits or income arising from the acquisition, holding, management and disposal of the assets or any part thereof by the Manager.

In Ghana therefore, Collective Investment Schemes take the form of either a Mutual Fund or a Unit Trust. The Collective Investment Scheme industry represents one of the fastest growing segments of the financial industry in Ghana. Collective Investment Schemes have provided vast opportunities for small investors to pool resources to collectively participate in the capital market which hitherto was perceived as the preserve of the rich and the elites in society.

By the end of 2009, fifteen (15) Collective Investment Schemes had been licensed by the SEC. They comprised six (6) Unit Trust schemes and nine (9) Mutual Funds. Out of the fifteen, only one (1) was operating purely as a Money Market Fund, while six (6) were Balanced Funds, seven (7) were Equity Funds and one (1) was a Real Estate Investment Trust (REIT). Apart from Anidaso Mutual Fund which is located in Kumasi (the northern sector of the country), the rest of the Funds are located in Accra (the Southern Sector) with virtually no active branch network, except two (2) Fund managers who have offices outside Accra.

In 2009, the total net asset value of funds under the management of licensed Collective Investment Schemes amounted to GH¢127,036,216.90, representing a decrease of 15.07% over the 2008 figure of GH¢149,581,990.74.

This was a result of huge redemption of funds by investors due to the global financial meltdown and general panic amongst local investors as well as marking to market by equity portfolio managers. Mutual Funds contributed GH¢95,817,222.27 whereas Unit Trusts contributed GH¢31,218,994.66 to the funds under management in 2009.

Total amount of funds mobilized during the year was GH¢56,947,108.35, representing 44.83% of total net assets of the Collective Investment Scheme market as at December, 2009. Though redemptions increased in 2009, it is significant to note that the total number of shareholders and unit holders in the Collective Investment Schemes increased to 153,910, showing a 16.8% increase over the 2008 figure. A summary of the performance of the Collective Investment Scheme Industry is provided in table 4 (Appendix B)

Mutual Funds

The total Net Asset Value of funds under management by Managers of Mutual Funds dropped from GH¢119,225,598.06 in 2008 to GH¢95,817,222.27 in 2009 in spite of the increase in the number of mutual fund companies licenced by the SEC from seven (7) to nine (9).

The 20.00% decrease in the net asset value was due to the poor performance of most of the funds under management as a result of the dismal performance of stocks in their portfolios that was greatly affected by the global meltdown of stock markets across the world.

Epac Investment Fund Limited managed by Databank Asset Management Services Limited however maintained their lead as the largest Mutual Fund in terms of total net assets under management. The Fund controlled more than half of the total net assets of the industry (57.84%).

The Money Market Fund Limited, (the MFund), also managed by Databank Asset Management Services Limited, followed the pack with control of 32.57% of total net assets under management.

In terms of shareholders, total shareholder base increased from 106,862 shareholders in 2008 to 129,723 shareholders in 2009 representing an increase of 21.00%. Epac Investment Fund Limited maintained their lead with 81,919 shareholders representing approximately 63.15% of the total number of shareholders in the industry.

Second in line was the MFund, which had 31,233 shareholders, representing approximately 24.08% of the total number of shareholders in the industry. New entrant, iFund Mutual Fund Limited managed by EDC Investments Ltd, chalked the third position with a shareholder base of 5,001 representing 3.86% of the total number of shareholders.

In terms of fund mobilization, total fund mobilization decreased from GH¢57,957,688.55 to GH¢40,433,682.40. This decrease was largely due to investors shying away from the capital market in the wake of the global financial crisis. MFund led the pack with a total amount of GH¢26,020,000 mobilized in 2009 representing 64.35% of total funds mobilized. Epac Investment Fund Limited followed with a total amount of GH¢9,218,303.71 representing 22.80% of total funds mobilized. iFund Mutual Fund Limited followed with GH¢4,043,811.39 representing 10.00% of total funds mobilized. A summary of the performance of the mutual fund sector is provided in table 5 (Appendix B)

Unit Trusts

Unit Trusts licenced by the SEC increased from four (4) to six (6) with total net asset value increasing marginally from GH¢30,356,392.68 in 2008 to GH¢31,218,994.66 in 2009. The 3.00% increase in the net asset value was largely due to the fact that a large proportion of the portfolio of most unit trust schemes contained money market instruments as opposed to equity. On the whole, four (4) out of the six (6) unit trust schemes returned positive annualized yields in spite of the general effects of the global financial meltdown.

Measured by their net asset value, the largest Unit Trust Scheme was HFC Unit Trust, managed by HFC Investment Services Limited, with a net asset value of GH¢21,178.684 representing 67.84% of total net asset value. This was followed by the HFC REIT, also managed by HFC Investment Services Limited, with a net asset value of GH¢5,480,592 representing 17.56% of total net asset value. Gold Fund managed by Gold Coast Securities Limited placed third with a net asset value of GH¢2,395,012.34 representing 7.67% of the total net asset value.

In terms of number of unit holders, total unit holder base increased from 21,205 unit holders in 2008 to 24,147 unit holders in 2009 representing an increase of 14.00%. HFC Unit Trust led the pack with 17,481

unit holders compared to 15,934 unit holders in 2008. This was followed by the Gold Fund with 2,622 unit holders compare to 2,578 unit holders in 2008. HFC Equity Trust placed third with 2,518 unit holders compared to 2,414 unit holders in 2008.

In terms of fund mobilization, total fund mobilization increased from GH¢5,864,476.22 to GH¢ 16,513,425.95. The increase can be attributed to investors moving away from equity investments and rather seeking investments in money market

instruments which most unit trust schemes were investing in as part of their portfolio. HFC Unit Trust led the group with funds mobilized amounting to GH¢9,884,509.05 representing 59.86% of total funds mobilized.

This was followed by HFC REIT which mobilized GH¢ 4,528,063.37. The Gold Fund placed third with a mobilization amount of GHC 1,082,029. A summary of the performance of the Unit Trusts Sector is provided in table 6 (Appendix B)

► SPEECHES

AFRICA REGIONAL MARKET DEVELOPMENT CONFERENCE, 2009

Theme: Towards Effective Regulation and Development of an Efficient Capital Market in Africa

September 14- 18 at the La Palm Royal Beach Hotel, Accra-Ghana

Closing Remarks by **Prof. E.V.O.Dankwa**, Chairman, Securities and Exchange Commission, Ghana

In the folk-lore of Ghana, or at least of many communities in Ghana the most popular, and sometimes notorious, character Kwaku Ananse set out one day to collect all the wisdom in the world so that he would be the only wise person on earth. He got a big gourd into which he would put this most essential commodity. When he assured himself that he had succeeded in his enterprise, he stealthily got out of his cottage and headed for the tallest tree where, beyond the reach of any other human being, he would store his possession. Unknown to Kwaku Ananse, his eldest son Ntikuma had been observing his father all along, and tiptoed after him in the last Scene of the last Act. From a decent distance Ntikuma saw his father struggling to climb the tree with the gourd suspended on his belly and held together by a rope attached to the gourd and around his neck. When success did not attend Kwaku Ananse's countless attempts to get to the top of the tree, Ntikumah shouted to his father: "Father if you put the gourd behind you, you would be able to climb the tree". Shattered by the discovery that there was still wisdom in the world, Kwaku Ananse dropped the gourd.

No one can be the sole repository of wisdom. It is therefore good that periodically we come together to reason with one another, share experiences and learn from each other, acknowledging that some have richer store of experience than we do. A relatively new area for us in Africa, the frontier of development of the capital market in particular and of our countries in general is likely to be advanced by conferences such as the one which is about to end. Yesterday we heard the arresting, remarkable and fascinating account of the setting up of a commodity market in Ethiopia. Its unique aspects were noted but we also took note of the fact that

the task was accomplished after a lengthy study of the African situation and the experience of many markets overseas. Ethiopia leaves us pondering whether we did not get our priorities wrong. Agrarian as most African countries are, should we not have first pursued the establishment of a commodity exchange before a stock exchange? The indications from the Ethiopian experience seem to be that the former will impact for the better a greater number of our people than the latter. Alternatively, we could have pursued both in tandem. Be that as it may, our minds must have been so exercised as to think seriously about the establishment of commodities markets in the not too distant future in our respective countries. It can be done, and so it should be done.

As human beings our nature is basically the same wherever we may be found. Greed, avarice or cupidity will be found among all people; and where money is to be gained we can be sure that these vices will persist and manifest themselves in diverse ways. That is why insider trading with the related evil of misappropriation, market manipulation, financial fraud, Ponzi and Pyramid schemes and related fraud schemes as well as money laundering, to name a few, will not easily go away. But we also desire fair deals, good returns on our investments, justice, and above all an environment where these goods can be realised. The noted contradictory aspects about our nature necessitate or dictate regulation and the setting up of supervisory authorities, however they may be called. We have been reminded of an effective regulatory framework; as an illustration, it has to be sound, balanced and cost effective. Advance in information technology has ensured that we can access legislation and regulations from which we can learn

in drafting ours. If need be we can fall on the expertise of others such as Dr. Robert M. Fisher. I draw attention to two provisions in our legislation which should strengthen the Securities and Exchange Commission in its work. The text is the same in both the parent legislation Security Industry Act, 1993 (P.N.D.C.L. 333) and its amendment Securities Industry (Amendment) Act, 2000 (Act 590). Being later in time, the reproduction is from the latter:

Section 8c

(1) A complaint, dispute or any violation arising under this Law shall, before any redress is sought in the courts, be submitted to the Commission for hearing and determination in accordance with this Part.

(5) The Hearings Committee shall not determine any complaint or matter which is the subject matter of an action before a court unless the parties to the action so agree.

Nevertheless, however admirable the black letter law may be in terms of the advancement of an effective regulation and development of an efficient capital market in Africa unless it is internalised and enforced our desideratum will be a mirage. The tools and processes have been laid bare before us. Be not dismayed by the nomenclature; you may not have a Chief Compliance Officer but if a person answering a different description performs the same functions be satisfied. The principle of universality is qualified by that of specificity.

From questions posed by participants, I got the impression that there was disquiet about the practice of only 5% of violations of the Security Laws of the United States being referred by the Securities and Exchange Commission of that country to the prosecutorial authorities. But that is as it should be. The delay in the prosecution of offenders and adjudication of disputes by the regular courts apart, the penalty must be of a nature that hurts the

offender and deters others from committing similar infractions. People are in business to make money and if you deprive them of their ill gotten gains, and additionally impose fines far beyond the money made, you generally achieve the two purposes just noted. Custodial sentence should be reserved for the most egregious infractions of the law exemplified recently by the prosecution and imprisonment of Bernie Madoff.

When you have done all that is humanly possible within and outside your jurisdiction to get back monies salted away but foreign jurisdictions will hold onto proceeds of crime, do not lose heart. Let us work towards the day, however distant it may appear, when reason and propriety will prevail and host countries of stolen assets will consider it an obligation they owe to themselves and the comity of nations to return what belongs to the victims of crimes whose plight should not be exacerbated by nation states who would not have tolerated similar conduct from their subjects or those within their jurisdiction. My brothers and sisters from Nigeria have my heartfelt sympathy for the bitter experience with Britain which they recounted to us. Let us play our part and let not the spirit o international cooperation be dampened by the stance of uncooperative countries.

Some of the lessons of the period we are going through is that crises do occur. Ironically, periods of boom have heralded those of gloom. We did not need them to remind us that the end of the world has not yet arrived and therefore we are not going to have a bed of roses but Alan Greenspan, never mind the role he played in the sorry situation we see ourselves, and Prof. Robert Schiller of Yale University, whose indictment may be greater than that of the immediate past Federal Reserve Chairman, that another crisis is inevitable. Hear Alan Greenspan:

“[A] crisis will happen again but it'll be different. They are all different. But they have one

fundamental source, and that is the unquenchable capability of human beings, when confronted with long periods of prosperity to presume that it will continue. And they begin to take speculative excesses.”

Prof. Robert Schiller is reported to have said that he saw the crisis coming as far back as 2005. Regrettably, nobody listened to him. He confesses, however, that he should have made his voice heard much louder and not allowed the boom get the better part of him. Here is part of his lamentation:

“The human species is empathetic. We see other people getting excited, and we get excited too. We self-censor ourselves. We don't want to spoil the party. At the G20 meeting, the big concept seems to be executive salaries. That's a politically popular movement. But it's not central to making the system work better. There's a lot of boring stuff that has to be done.”

As hinted above, Prof. Schiller is not bereft of solution: “[b]etter and more joined up regulation, he thinks, would stop bubbles developing at a much earlier stage.” But this is something Wall Street insiders have long known, observes Neil Heathcote. (Neil Heathcote of BBC World Service recorded the accounts from Alan Greenspan and Prof. Robert Schiller).

Ingratitude is monstrous. I must therefore conclude without falling into this sin. In spite of the difficulties they are going through, the people of the United State made this Conference possible by generous financial contribution. The instrumentality which they used was USAID an agency which contains some of the finest men that one will come across anywhere on this earth. I recall, with deep gratitude, my first encounter with some of its personnel. Without being invidious, I single out Mr. Graham French. Thirty- three years ago I had a generous Fellowship from Yale Law School. I do not know whether the idea came from Yale but wherever it

came from, I went to USAID and sought its Cultural Affairs Officer who received me warmly and, to cut the story short, offered me a travel grant of a round trip to New Haven. They continue to do good and we are grateful to USAID for its immense contribution towards this conference. From the United States we have had people of exceptional ability and experience who have come all the way to share with us their knowledge and rich store of experience. They never tired to respond to the many questions which we had. From their intimidating cvs and work schedule, we know that they have many pressures on their time, and it makes us all the more appreciative of the time that they have spent with us. To Dr. Robert M. Fisher, Mr. Z. Scott Birdwell and Ms Kimberly Garber we say: yeda wase pii (thank you very much).We took note of your constant disclaimer that the views you expressed were your personal views and not those of your employers the Securities and Exchange Commission of the United States. But in the matters of work and conduct the SCE should be proud of you, and consider you as its worthy ambassadors. You betrayed no secret; on the contrary, you spread their best practices and espoused the law very lucidly. We have also benefited from the presentations of local regulators and market participants, Dr. Charles Asembri, Chief T. K. Ejanque, Ms. Daisy Ekineh and Dr. Sam Mensah. Akpe(thank you).

I am sure you will not cavil when I mention Dr. Eleni Gabre Madhin in a special way. She is our heroine. Leaving the comforts of a good job in Washington DC and the pleasures of the United States, she returned to her homeland and worked towards the establishment of what I shall call, for want of a better expression, truly the first people commodity market in Africa. I am not oblivious of the South African experience. Dr. Madhin has set an example worthy of emulation. No matter the complexity and nature of our problems, we should work at finding solutions to them. A lot of work and deprivation are involved but therein lies the path of development. We are, or will be some of those worst affected by

the economic crisis, as Dr. Sowa the Director General of the host country made clear in his introductory remarks. The Managing Director of the World Bank had echoed similar sentiments. Ngozi Okonjo-Iweala has asserted that developing world economies have been hit hard by the collapse of export markets, falling remittances and a widespread lack of bank credit. Equally, we cannot afford the kind of government stimulus packages which are boosting economies in the West, she correctly added.

That we should not throw up our hands in despair in the midst of these difficulties is a lesson we learn from the work of Dr. Madhin. Dr. Ngozi Okonjo-Iweala recognises that we need help from the developed countries, and it was forthcoming in the case of Dr. Madhin. Ultimately, it lies on us to attract such help. Dr. Fisher made it clear that there is capital sitting in the US waiting for congenial environment for investment. The good news is that we have seen a manifestation of self help.

Assistance towards the hosting of the conference came from Ecobank Development Corporation (EDC), Stanbic Bank, Ghana Oil, Ayrton Drugs and Ghana Securities Industry Association, all of Ghana. Our gratitude to them is immense. Mr. Ekow Acquaaah-Arhin chaired a Committee of SEC, Ghana which worked tirelessly to ensure the success of the conference, and we are appreciative of their work. The Director General kept them on their toes, and we commend him for it. Thank you also to the other staff members who have contributed towards the success of the conference.

I reserve to the last those without whom this conference could not have come on, our dear colleagues from other African countries. Their presence made the topic and theme meaningful. Their contributions enriched our discussions, and we established contacts upon which we shall build for our mutual benefit. Nye yuwadoo (thank you all).

13TH NATIONAL BANKING CONFERENCE

Re-capitalization of banks in Ghana and the emerging competitive environment – Lessons from other economies

November 24, 2009 at the Accra International Conference Centre

Speech delivered by **Dr. Nii Kwaku Sowa**, Director General, Securities and Exchange Commission, Ghana

Mr. Chairman, Members of the Banking Fraternity, Invited Guests, Ladies and Gentlemen:

Let me begin by thanking the organizers of this lecture series for inviting me to make a presentation. I accept it not only as a personal honour but also as recognition of the close relationship between the banking sector and the capital market – the latter, which I regulate. At the same time permit me to enter a disclaimer, that the views expressed in this presentation are entirely mine in the exercise of academic freedom and do not necessarily reflect the views of the Securities and Exchange Commission, or of the Monetary Policy Committee of the Bank of Ghana, of which I am a member.

The theme for this lecture series, “The Impact of the Global Financial Meltdown – Lessons, Challenges and Opportunities for the Ghanaian Economy”, is very appropriate in the light of global developments; and in particular, the topic for today, “Re-capitalization of Banks in Ghana and the Emerging Competitive Environment” is very relevant not only for the development of the banking industry in Ghana but also for the development of the economy as a whole. It is also important in the light of the approaching deadline per the directive of the Bank of Ghana for banks to meet new minimum capital targets.

An active financial industry is a sine qua non in any modern economic setup. The economic system as a whole draws its blood from the financial system. Indeed, no modern economy can function without a vibrant, efficient and resilient financial sector, robust enough to withstand major shocks, both

internal and external, by man and by nature. While it is true that citizens of countries that want to develop must first learn to save out of their disposable income, it is equally true that countries develop faster on credit than on saving. There is a limit to which individuals can save and hence a limit to the stock of deposits that a country can marshal. However, with the aid of modern financial instruments, there is virtually no limit to the credit creation potential of any economy. Well...that is not exactly true as we will learn at the end of this lecture. Capital is the key.

Credit involves risk. Risk of default is something that banks must always guard against. Most prudent providers of credit would therefore rely on the Five-Cs – Character, Cash Flow, Collateral, Conditions and Capital – to minimize risk. In 1988, the Basel Committee on Banking Supervision housed at the Bank for International Settlements, decided to introduce a capital requirement that summarized the Five Cs of Credit into a single criterion. This criterion, then referred to as the Basel Accord, sets minimum capital required of a bank in relation to its risk weighted assets at 8 percent. The Basel Accord, which was signed by the G10 nations, has now been accepted for implementation in over 100 nations including Ghana. A modified version, referred to as Basel II is implemented in a few nations including the United Kingdom, Germany, Canada and Italy. The United States is still on Basel I. But, banks thrive on risk. In theory, more risk must be rewarded with greater returns. But shareholders would always prefer greater returns. Thus, if bank managers act in order to maximize the utility of shareholders, it may lead to situations that expose them to higher risk-taking. This risk-return configuration in a principal-agency matrix,

introduces banking to problems of moral hazard. Bankers would argue that they sufficiently cover themselves against bad and doubtful debts through adequate provisioning; hence there would be no need for recapitalization to guard against risk. Such argument would however be weak. Both individual and global provisioning by banks may guard against risk arising from specific weaknesses in a bank's loan portfolio but may not guard against systemic shocks that hit the banking system as a whole.

Several studies have shown that without regulators insisting on minimum capital requirement banks will prefer to invest more in risky assets and hold as little capital as possible. Such arguments are drawn on the indeterminacy principle made famous in 1958 by American economists Franco Modigliani and Merton Miller. The Modigliani Miller theorem postulates that in a frictionless world with full information and complete markets, the value of the firm is independent of its capital structure. Thus if financial markets are assumed to be complete and depositors are perfectly informed about the failure risks of banks, then the indeterminacy principle applies.

To illustrate, let us assume that managers act in the shareholders' interest, who seek to maximize the share value. As banks are corporations, the owners' liability is limited to their investment. This means that the shareholders' loss is limited; but a gain greater than the fixed amount owed to depositors fully falls to them. Thus due to the shareholders' convex pay-off function, banks would prefer risky to safe investments.

Apart from risk considerations, there is a second important reason for monetary authorities to be interested in a certain minimum capital requirement. It is important to note that capital adequacy ratios are computed by taking paid-up capital as a proportion of risk-adjusted assets of the bank. Thus with even minimum capital levels, a bank can still satisfy a capital adequacy requirement

simply by limiting the size of its risky assets. As a simple illustration, a bank with a paid-up capital of 5 million Ghana Cedis and risk adjusted assets of 50 million Ghana Cedis has the same capital adequacy ratio as a bank with paid-up capital of 50 million Ghana Cedis and risk adjusted assets of 500 million Ghana Cedis. The difference is in the amount of credit that the two banks have the potential to offer, given the size of their base capital. Remember we have argued earlier that development and growth occurs mostly where the conditions are conducive for credit expansion. Simply put, it is not sufficient to just rely on capital adequacy ratios if we require financial intermediaries to perform their proper developmental function. It is important to pay attention to paid-up capital levels as well. Size matters!

Permit us to turn to some country experiences and find out what lessons can be learnt. And we wish to start with our own country experience.

By the late 1970s, the poor performance of the Ghanaian economy had taken its toll on the banking system. The repressive interest rate regime and excessive borrowing by Government from the banks, as well as currency depreciation and high inflationary pressures had placed most banks in distress position. Moreover, high default of bank loans loaded the banks with huge non-performing assets. The situation was more serious with the state-owned banks. At the end of 1989, over 95 percent of the non-performing loans in the banking system was held by the seven state-owned banks. In 1988, with support from the World Bank, the Government of Ghana instituted a Financial Sector Adjustment Programme (FINSAP). Part of this reform involved the restructuring of banks designed to improve their supervisory and regulatory framework, recapitalize them, and also to clean-up their balance sheets of non-performing assets. Thus the Government established the Non-Performing Assets Recovery Trust (NPART) to take

over the non-performing loans and government guaranteed obligations made by banks to state-owned enterprises and the private sector through offsets and the issuance of interest bearing bonds. The NPART was then charged with the function of recovering such bad loans.

It is our humble submission that while the collapse of the Ghanaian economy may have led to the near collapse of the Ghanaian banking system in the 1980s and the subsequent bailout, it can be argued that if the banks were well-capitalized, such situations might have been avoided. It can also be argued that the weak capital base of Ghanaian banks also limited their credit creating ability and hence hindered the development of the country, and may itself have contributed to the near-collapse of the economy by beginning of the 1980s.

As at December 2008, the 25 banks in Ghana had total tier-one capital of about 1.07 billion Ghana Cedis and total adjusted assets of about 8.36 billion Ghana Cedis, yielding a capital adequacy ratio of about 12.79 percent for the banking industry in Ghana as a whole. No bank in Ghana currently has a CAR below the 10 percent minimum required. So technically, the Ghanaian banking system can be judged to be capable of withstanding risks and shocks. However, a closer examination of the banks reveal that base capital ranges from about 10 million Ghana Cedis to about 188 million Ghana Cedis in the largest bank.

This seriously limits the credit creation potential of the banking system, and thus constrains the development of the Ghanaian economy. Further, with the majority of banks in the system having base capital of around 10 million dollars, Ghanaian banks are certainly ill-equipped to compete in the global market.

In July 2004, a sister country, Nigeria announced an increase in the minimum capital requirement of all banks from 2 billion Naira to 25 billion Naira –

representing a 1,150% increase in the minimum capital requirement. The first phase of the reform began in July 2004 and was concluded on December 31, 2005, with the number of banks reduced from 89 to 25. During the compliance process, banks alone raised 406.4 billion Naira from the capital market; of this amount, the Central Bank of Nigeria verified and accepted 360 billion Naira. The process is also said to have led to the inflow of Foreign Direct Investment of USD 652 million and GBP 162,000. Over the course of 2005, the total assets of the banking sector increased by 29.37%; "Cash and Cash due from other banks" increased by 10.57%. The twenty-five banks that emerged from the consolidation exercise accounted for 93.5% of the banking system's deposit liabilities.

Until quite recently, the recapitalization exercise and the consolidation process that followed, coupled with a wave of IPOs, were deemed to be successful and were said to have strengthened the Nigerian banking system and led to an increase in efficiency.

On August 14, 2009 the new Governor of the Central Bank of Nigeria issued a press statement showing weaknesses in the Nigerian banking system. The gist of the press statement was that certain banks have not followed proper procedure in the recapitalization exercise and in the process have over-exposed their banks to serious risks. The statement said that five banks have huge non-performing loans on their books. The total loan portfolio of these five banks amounted to 2,801.92 billion Naira. Of this, 456.28 billion Naira was due to margin lending. In effect, in the process of recapitalization, these five banks might have given themselves loans to increase their capital base. This is farcical and defeated the whole purpose of the recapitalization exercise. The CBN decided to pump into the five banks a total of 400 billion Naira to shore up their capital. The repercussion of the financial problems faced by these banks is of course being felt on the Nigerian

capital market and its contagion has reached our shores. For the last country experience to draw lessons from, I would wish us to turn our attention to Canada. Please permit me to quote extensively from an article in the Newsweek magazine of February 7, 2009, written by someone I consider to be the best news commentator in the world and one of the greatest minds in public policy today, Fareed Zakaria.

He writes “In 2008, the World Economic Forum ranked Canada's banking system the healthiest in the world. America's ranked 40th, Britain's 44th. Canada has done more than survive this financial crisis. The country is positively thriving in it. Canadian banks are well capitalized and poised to take advantage of opportunities that American and European banks cannot seize. The Toronto Dominion Bank, for example, was the 15th-largest bank in North America one year ago. Now it is the fifth-largest. It hasn't grown in size; the others have all shrunk.

So what accounts for the genius of the Canadians? Common sense. Over the past 15 years, as the United States and Europe loosened regulations on their financial industries, the Canadians refused to follow suit, seeing the old rules as useful shock absorbers. Canadian banks are typically leveraged at 18 to 1—compared with U.S. banks at 26 to 1 and European banks at a frightening 61 to 1. Partly this reflects Canada's more risk-averse business culture,

but it is also a product of old-fashioned rules on banking.” A stable financial system holds the key to stable and sustained development. Capital is the backbone of such a stable financial system. More capital does not only cushion banks against both internal and systemic risks, but also allows for more credit creation which is essential for the development and growth.

In the Ghana experience, we note that while the banks have sufficiently provided for risk, the size of their base capital does not offer them sufficient competitive opportunity in the global environment. Nigeria tried to solve that problem but did it the wrong way. Indeed since the 25 banks that remained in Nigeria after the consolidation controlled over 90 percent of banking business, it means that the 64 banks which went out were more or less pawn shops. However, in the recapitalization process, the banking and capital market authorities should ensure that margin lending and other ills that affected the Nigerian system are not repeated in Ghana. The Canadian experience offers us an ideal example, low leverage, well-capitalized, sound financial system will not only be able to withstand shocks, but also can compete well in the global environment. I submit that increasing the minimum capital requirement will offer Ghanaian banks better opportunities to compete effectively in the global environment.

Thank you.

THE GLOBAL FINANCIAL CRISIS

Lessons for Ghana's Capital Market - Culled from the Ghanaian Times

by Dr. Nii Kwaku Sowa, Director General, Securities and Exchange Commission, Ghana

How are the mighty fallen – Fannie Mae, Freddie Mac, Lehman Brothers, Merrill Lynch, Washington Mutual, Wachovia, and the list goes on. These were the big players in the United States financial market. And now, the titans of investment banking are no more... they have either been partly nationalized, or they have been granted licenses to do commercial banking! The casualty from what has become the global financial debacle is definitely heavy and the contagion is unending. All triggered by greed and irresponsibility and may be lax regulation!

By the beginning of the new millennium, it was quite evident that America was swimming in wealth and prosperity and the financial system was pregnant with a lot of liquidity. By 2004, financial market players decided to use the excess liquidity to create more wealth. An easy avenue was the housing market. Mortgage loans were extended to a number of people, who ordinarily would not have had the chance, to obtain such loans. These were people with no stable income and without any “proper” collateral. In other words, they were not “prime” borrowers (they were “sub-prime”).

The way their uncollateralized stance was covered up was for “financial experts” to securitize their debt and trade it as ordinary securities. This helps to diversify the risk associated with the original loan; it however does not dissipate it. At the end of the day, the original loan must be paid for. When it became evident that those “sub-prime” housing loans were uncollectable it triggered the worst financial debacle in the US since the Great Depression. The ripples of the financial crisis of America are being felt from Greenland to Australia and from Latin America to China. The neighborhood effect appears to have been particularly severe on

Europe than any other region. Indeed, a whole country – Iceland – is on the brink of bankruptcy as a result of this global financial crisis. Africa and other “frontier markets” have so far not been hit by this contagion, or have we?

There is general consensus that apart from the knock-on effects on export demand and bilateral aid, Africa may be shielded from the global financial crisis because of its financial insignificance – the so-called decoupling effect. According to the African Development Bank (AfDB), Africa only represents 1.3% of world stock market capitalisation, 0.8% of bank assets and 0.2% of debt securities. However, there are lessons for the emerging markets in Africa. There has been a lot of blame-sharing since this financial crisis loomed. Regulators as well as institutional and individual players on the financial markets of the developed world have been cited in the blame game.

In the US some, including presidential candidate John McCain, have called for the head of the United States Securities and Exchange Commission, Christopher Cox. Whatever the cause, one can surmise that it is more than just capitalism gone bad. What lessons can we in the emerging “frontier” markets learn from this debacle? How do we shield ourselves from this contagion? There were acts and omissions by institutions and individuals which should be flagged to immunize us against the contagion, or at least shield us against similar occurrences in the future.

The first lesson relates to regulation. It is not unusual to hear market-players bashing regulators, “who don't understand the market”, for their high-handedness. Part of the blame for this financial crisis stemmed from the fact that regulators washed their

hands off regulating certain instruments because they actually do not understand how it works! John McFall, the Chairman of the British Commons Treasury Select Committee, noted that “best and brightest at our top investment banks have expended great energy designing ludicrously complex financial instruments, which you need a Nobel Prize in physics to understand”. The British Treasury Committee therefore recommended that if banks do not make their products less opaque, then they should be even more heavily regulated.

More regulation does not kill genuine operators. Those engaged in shady operations usually worry about regulation. Regulation in this case must endeavour to keep the playing field as fair as possible, ensuring that the investor takes genuine risks and not just becomes prey to traps only the initiate can see and understand.

In our part of the world, where illiteracy heightens information asymmetry, the burden is on the regulator to ensure that the investor is not ensnared by exotic products for which the obvious sale advert is that “they yield high profits”. How many investors in Ghana are aware that higher return often trades-off with higher risk? In other words, for “frontier economies” like Ghana, regulation must not only rely on “full” disclosure, it must also be on merit!

Oftentimes, market players are carried away by over-exuberance to meet certain high targets. In the process, basic regulatory precautions are side-stepped. As we learnt in Physics, “short-cuts can be dangerous”! It is for instance very important for brokers to ensure that trades are covered by appropriate titles before they are executed.

Again investment bankers sometimes want to move faster than the rest of society. Ours is a developing market and thus in introducing products one should be mindful of that fact. One often hears suggestions of the introduction of short-selling,

hedge funds, derivatives and other “exotic” strategies and products. While under normal circumstances such strategies and products can lead to improved liquidity on the secondary market and hence improve stock market activity they are arguably very risky. The least crack can lead to a major crisis.

Consider the fact that, although currency is declared by fiat as a legal tender it is still backed by all sorts of assets – gold, Special Drawing Rights, etc. This gives strength to the currency. Thus, it is important for securities to be backed by some form of asset base. In this sense the Securities and Exchange Commission will in the very near future introduce higher base capital and stringent capital adequacy requirements for various categories of capital market operators in Ghana.

It is also important for the investing public to be well-informed about various investment options and their associated risks. This means that the market operator himself or herself must be well-informed. The absence of formal examination and certification for the various classes of market players in Ghana needs to change. The Securities and Exchange Commission has initiated discussions with various stakeholders for the introduction of various levels of certification for the different market players.

Above all, it is important for all market players to be guided by a high sense of professional integrity and ethical standards. As players in the financial market we should guard carefully the TRUST the public has vested in us. TRUST is the basic foundation on which rests all financial transactions. It is the reason we accept a mere paper from each other as currency and willing to do business with it. Paper money as we know it has no intrinsic value. In other words, it is a mere piece of paper which has no value for its sake.

Unlike items such as gold or cow or commodities for

which we easily find alternate uses. One may be tempted to argue that the State has sanctioned it by fiat to be money and hence our use of it as such. But it is not the fiat which makes it money. It is because it is generally acceptable as a medium of exchange. The principle of general acceptability rests on the notion of TRUST. However, TRUST in finance has become so commonplace that we forget that it is

indeed the very foundation of financial dealings. Any crack in this essential foundation leads to the tumbling of the financial superstructure.

We have been entrusted with the hard-earned assets of the public. We must be mindful of the risks we take even as we seek to maximize returns for the investing public.



STATEMENT OF ACCOUNTS



ACCOUNTS



- Report of the Commissioners
- Report of the Auditors
- Income Statement
- Balance Sheet
- Cashflow Statement
- Notes to the Financial Statements

Statement of Accounts



Statement of Commissioners Responsibility

The Commissioners are required to prepare financial statements for the financial year which give a true and fair view of the state of the Commission and of the results for that period.

In preparing those financial statements, the Commissioners are required to:-

- a. Select suitable accounting policies and then apply them consistently.
- b. Make judgements and estimates that are reasonable and prudent
- c. State whether applicable accounting standards have been followed.
- d. Prepare the financial statements on a going concern basis.

*Respective Responsibilities
of Commissioners and
Auditors.*

*These financial statements
are the responsibility of the
Commissioners.*

*Our responsibility is to
express an independent
opinion, based on our
audit, on these financial
statements.*

The Commissioners are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Commission and to enable them to ensure that the financial statements comply with the Securities Industry Law 1993(P.N.D.C. L333) as amended by Act 590,2000.

They are also responsible for safeguarding the assets of Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Commissioners and Auditors

These financial statements are the responsibility of the Commissioners. Our responsibility is to express an independent opinion, based on our audit, on these financial statements.

Basis Of Opinion

We conducted our audit in accordance with generally accepted auditing standards. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

It also includes an assessment of the significant estimates and judgements made by the Commissioners in the preparation of the financial statements, and of whether the accounting policies are appropriate to the commission's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, proper books have been kept and the financial statements, which are in agreement therewith, comply with the Securities Industry Law 1993 (P.N. D.C L 333) as amended by Act 590,2000 and give a true and fair view of the state of the Commission's affairs as at 31st December,2009 and of the income and cashflow for the year.

OSEI KWABENA & ASSOCIATES
(CHARTERED ACCOUNTANTS)

April, 2010

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2009

	Notes	2009 GH¢	2008 GH¢
INCOME			
Ghana Government Subvention	2	1,083,290.28	953,979.51
Other Income	3	<u>1,094,835.96</u>	<u>2,960,391.69</u>
Total Income		<u>2,178,126.24</u>	<u>3,914,371.20</u>
EXPENDITURE:			
Emoluments and Allowances	4	786,547.27	686,611.74
Administrative Activity Expenses	5	755,346.01	796,901.61
Service Activity Expenses	6	<u>559,091.79</u>	<u>308,331.38</u>
Total Expenditure		<u>2,100,985.07</u>	<u>1,791,844.73</u>
<i>Excess of Income Over Expenditure</i>			
<i>Transferred to Accumulated Fund</i>		<u><u>77,141.17</u></u>	<u><u>2,122,526.47</u></u>

BALANCE SHEET AS AT 31 DECEMBER, 2009

	Notes	2009 GH¢	2008 GH¢
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	1,955,131.15	2,064,031.22
CURRENT ASSETS			
Short-Term Investment	9	2,166,637.14	2,036,639.83
Receivables	10	298,369.32	301,136.33
Prepayments	11	26,886.55	18,001.00
Cash and Bank	12	<u>442,185.24</u>	<u>406,546.90</u>
		2,934,078.25	2,762,324.06
Total Assets		<u>4,889,209.40</u>	<u>4,826,355.28</u>
EQUITY AND LIABILITIES			
Accumulated General Fund	13	4,879,459.90	4,802,318.73
CURRENT LIABILITIES			
Payables	14	<u>9,749.50</u>	<u>24,036.55</u>
Total Liabilities		9,749.50	24,036.55
Total Equity and Liabilities		<u>4,889,209.40</u>	<u>4,826,355.28</u>

COMMISSIONERS

The attached notes 1 to 14 on pages 66 to 72 form an integral part of the financial statements and should be read in conjunction therewith.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 GH¢	2008 GH¢
Net Operating Surplus	77,141.17	2,122,526.47
Adjustment for:		
Depreciation	<u>200,128.00</u>	<u>189,091.78</u>
Operating Income before Assets and Liabilities	277,269.17	2,311,618.25
Changes in operating Assets and Liabilities:		
(Increase)/Decrease in Receivables	2,767.01	(94,549.00)
(Increase)/Decrease in Prepayment	(8,885.55)	(9,476.00)
Increase/(Decrease) in Payables	(14,287.05)	2,525.00
(Increase)/Decrease in Investment	<u>(129,997.31)</u>	<u>(2,032,377.00)</u>
Net Cashflow from Operating Activities	126,866.27	177,741.25
Investment Activities:		
Purchase of Fixed Assets	<u>(91,228.13)</u>	<u>(353,265.00)</u>
Increase/(Decrease) in Cash Equivalent	<u>35,638.14</u>	<u>(175,523.75)</u>

ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENT

	2009 GH¢	2008 GH¢
Balance B/Fwd @ 01/01/	406,547.10	582,070.85
Net Change in Cash	<u>35,638.14</u>	<u>(175,523.75)</u>
Closing Balance @ 31/12/	<u>442,185.24</u>	<u>406,547.10</u>

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The financial statements set out on pages 4 to 13 have been prepared in accordance with with the following accounting policies.

a Basis of Accounting

These financial statements have been prepared using the historical cost convention.

b Depreciation

Depreciation is provided on a straight-line basis at rates, calculated to write-off costs the each fixed asset over its estimated useful economic life to the Commission. The rates applicable were:

Building		4%
Motor Vehicles	-	20%
Plant & Machinery		20%
Furniture, Fixtures & Fittings	-	10%
Office Equipment	-	15%
Household Equipment	-	15%
Household Furnishing		25%

c Foreign Currency

Transactions denominated in foreign currencies are converted using the foreign exchange rates ruling at the date of the transactions. Balances held in foreign currencies are translated into cedis using the exchange rates ruling on the balance sheet date, 31 December, 2009.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2009**

2 GOVERNMENT SUBVENTION -GH¢ 1,083,290.28

	2009 GH¢	2008 GH¢
This is made up as follows:		
Personnel Emolument	735,265.89	695,031.34
Administration	307,514.39	221,210.17
Services	<u>40,510.00</u>	<u>37,738.00</u>
	<u>1,083,290.28</u>	<u>953,979.51</u>

3 OTHER INCOME -GH¢ 1,094,835.96

This is made up as follows:

Licences Fees	124,955.00	173,050.00
Investment Income	531,812.29	99,934.00
Penalties	13,100.00	98,770.00
Transactions Levy	212,841.25	1,097,594.15
Prospectus Approval Fees	95,095.07	1,302,055.23
Bidding Document Fees	-	2,000.00
Interest On Staff Loans	250.80	3,196.82
Foreign Exchange Gain	60,002.18	138,869.37
Sponsorship -US SEC ARMDC	40,439.27	-
FINSSP Support	-	29,776.12
Sale of License Forms /Corporate Gov'ce Manual	<u>16,340.10</u>	<u>15,146.00</u>
	<u>1,094,835.96</u>	<u>2,960,391.69</u>

4 PERSONNEL EMOLUMENTS - GH 786,547.27

This is made up as follows:

Basic	448,438.75	411,956.44
Employers Contribution	50,019.42	48,617.57
Allowances	<u>288,089.10</u>	<u>226,037.73</u>
	<u>786,547.27</u>	<u>686,611.74</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2009**

5 ADMINISTRATIVE EXPENSES -GH ¢ 755,346.01

	2009 GH¢	2008 GH¢
This is made up as follows:		
Electricity and Water	7,603.49	8,040.02
Telecommunication	15,668.83	12,251.45
Postal Expenses	1,727.84	500.35
Security Service	40,869.16	36,472.83
Office Cleaning and Sanitation	17,619.88	18,572.50
Stationery and Office Supplies	17,364.18	18,293.42
Entertainment Allowance and Refreshments	31,010.10	21,771.15
Publications and Library Books	7,324.41	219.00
Subscriptions and Membership Fees	28,697.97	46,874.47
Ground Rent	-	1,499.00
Travelling and Transport	6,912.30	6,089.92
Vehicle Running Costs	91,456.06	95,034.41
Repairs and Maintenance:		
Official Vehicles	9,338.28	11,571.88
Furniture and Fittings	1,103.75	2,421.14
Property ,Plant and Equipment	13,399.38	6,648.78
Building	1,062.00	-
Insurance:		
Official Vehicles	4,586.26	6,886.56
Official Building	1,847.96	1,847.96
Medical	-	18,714.08
Plant and Equipment	312.00	-
Bank Charges	940.93	2,516.13
Consultancy Fees/Expenses	2,600.00	3,850.00
Medical Expenses	34,124.92	9,360.59
Audit Fees/Expenses	4,364.25	4,278.80
Donations and Contributions	3,500.00	1,600.00
Honoraria and Protocol	14,058.80	10,935.00
Legal Fees	500.00	-
Auction Proceeds to MOFEP	2,500.00	12,550.00
Staff Welfare Expenses	-	8,177.00
Balance Carried Down	<u>360,492.75</u>	<u>366,976.44</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2009**

	2009 GH¢	2008 GH¢
Balance Carried Forward	360,492.75	366,976.44
Board Members' Fees	21,660.00	43,452.75
Bonus Expenses	91,387.49	122,427.00
Contract Printing	50,038.75	46,183.64
Staff Utility	22,101.60	20,479.80
Outstation / Local Hotel Expenses	9,537.25	8,290.20
Depreciation	<u>200,128.17</u>	<u>189,091.78</u>
	<u>755,346.01</u>	<u>796,901.61</u>

6 SERVICE ACTIVITY EXPENSES -GH¢ 559,091.79

This is made up as follows:

Foreign Training & Conferences	371,341.13	192,288.04
Travel Insurance	2,835.60	1,415.63
Staff Local Training	10,152.00	9,752.00
Hire of Venue	47,776.75	-
Media Coverage/Publicity	-	28,433.75
Advertisement	7,970.79	17,299.57
Hotel Accommodation	114,452.73	49,638.42
Printing and Publications	80.00	4,800.99
Internet Connectivity Charges	<u>4,482.79</u>	<u>4,702.98</u>
	<u>559,091.79</u>	<u>308,331.38</u>

9 SHORT - TERM INVESTMENT -GH ¢ 2,166,637.14

This represents Short-Term Investments stated at market value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2009**

10 RECEIVABLES -GH¢ 298,369.32

	2009 GH¢	2008 GH¢
This is made up as follows:		
Staff Rent Advance	60,129.48	44,631.34
Accounts Receivable (Ghana Government)	-	19,482.92
Staff Car Loan	202,888.89	210,239.29
Staff M'bike Loan	14,744.92	10,450.92
Auction Receivable	200.00	200.00
Personal Loan	20,146.03	15,871.86
Refund to GDHC Shareholders	260.00	260.00
	<u>298,369.32</u>	<u>301,136.33</u>

11 PREPAYMENTS- GH¢ 26,886.55

This is made up as follows:

Insurance Prepaid (Vehicle)	<u>26,886.55</u>	<u>18,000.77</u>
	<u>26,886.55</u>	<u>18,000.77</u>

12 BANK AND CASH BALANCES- GH¢ 442,185.24

This is made up as follows:

Bank of Ghana (Dollar Account)	204,563.89	329,434.74
Bank of Ghana (Cedi Account)	105,996.20	27,596.53
Ecobank Ghana Ltd. (Account No. 1)	88,390.01	31,805.79
Ecobank Ghana Ltd. (Account No. 2)	34,797.73	10,277.51
Petty Cash	65.88	211.33
Accountable Imprest	<u>8,371.53</u>	<u>7,221.00</u>
	<u>442,185.24</u>	<u>406,546.90</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2009**

13 ACCUMULATED FUND -GH¢ 4,879,459.90

2009	2008
GH¢	GH¢

This is made up as follows:

Balance @ 01/01	4,802,318.73	2,679,792.26
Transferred from Income Statement	<u>77,141.17</u>	<u>2,122,526.47</u>
Balance @ 31/12	<u>4,879,459.90</u>	<u>4,802,318.73</u>

15 PAYABLES -GH¢ 9,749.50

This is made up as follows:

Electricity Company of Ghana	606.00	667.11
Ghana Water Company Ltd	107.27	60.55
Vodafone	395.31	324.67
IRS - PAYE	15.85	7,029.00
SSNIT	1,119.46	3,742.69
Audit Fees	4,364.25	3,795.00
Security-Westech	2,966.34	-
Membership Allowance Accrued	-	6,840.00
Staff Welfare Fund	167.50	-
Provident Fund	<u>7.52</u>	<u>1,577.53</u>
	<u>9,749.50</u>	<u>24,036.55</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2009

8 FIXED ASSETS SCHEDULE

	Land	Building	Motor Vehicle	Plant & Machinery	Motor Bicycles	Furn., Fixtures & Fittings	Office Equipment	Household Equipment	Household Furnishing	Total
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
<u>COST/VALUATION:</u>										
Balance @ 01/01/2009	932,845	722,952	329,305	117,620	3,248	98,542	295,826	10,404	60,000	2,570,742
Additions	-	-	-	-	7,827	62,000	21,401	-	-	91,228
Balance @ 31/12/2009	<u>932,845</u>	<u>722,952</u>	<u>329,305</u>	<u>117,620</u>	<u>11,075</u>	<u>160,542</u>	<u>317,227</u>	<u>10,404</u>	<u>60,000</u>	<u>2,661,970</u>
<u>DEPRECIATION:</u>										
		4%	20%	20%	15%	10%	15%	15%	25%	
Balance @ 01/01/2009	-	28,918	167,994	23,524	3,035	24,898	234,468	8,874	15,000	506,711
Charge for the Year	-	28,918	65,861	23,524	1,661	16,054	47,584	1,526	15,000	200,128
Balance @ 31/12/2009	=	<u>57,836</u>	<u>233,855</u>	<u>47,048</u>	<u>4,696</u>	<u>40,952</u>	<u>282,052</u>	<u>10,399</u>	<u>30,000</u>	<u>706,839</u>
<u>NET BOOK VALUE:</u>										
AS @ 31/12/2009	<u>932,845</u>	<u>665,116</u>	<u>95,450</u>	<u>70,572</u>	<u>6,379</u>	<u>119,590</u>	<u>35,175</u>	<u>5</u>	<u>30,000</u>	<u>1,955,131</u>
AS @ 31/12/2008	<u>932,845</u>	<u>694,034</u>	<u>211,513</u>	<u>188,192</u>	<u>213</u>	<u>137,771</u>	<u>70,960</u>	<u>1,530</u>	<u>90,000</u>	<u>2,327,057</u>



APPENDIX A

Register Of Licences





Register of Licencees (as at May 2010)



- Broker-Dealers
- Trustees, Custodians, Registrars and Issuing House
- Investment Advisers
- Collective Investment Schemes (CIS)

LICENCED BROKER-DEALERS

CAL BROKERS LTD.

45 INDEPENDENCE AVENUE
PO Box 14596
ACCRA.
TEL: (021) 680052/680061-9
EMAIL: calbrokers@calbank-gh.com
WEBSITE : www.calbank-gh.com

DATABANK BROKERAGE LTD

NO. 61 BARNES ROAD, ADABRAKA
PMB, MINISTRIES POST OFFICE
ACCRA.
TEL: 021-669110/669417/662363
FAX: 669100
EMAIL: : info@atabankgh.com
WEBSITE: www.databankgroup.com

EDC STOCKBROKERS LTD.

NO. 5, 2ND RIDGE LINK
NORTH RIDGE.
P. O. BOX AN 16746
ACCRA
TEL: (021) 25172-7
FAX: (021) 251734
EMAIL: ecobankgh@ecobank.com

FIRST ATLANTIC BROKERS LTD.

NO. 1 SEVENTH AVENUE
RIDGE WEST
PO Box CT 1620, CANTONMENTS
ACCRA
TEL: 682204-4/680826/679248
FAX : 679250
EMAIL: fambl@ghana.com
WEBSITE: www.firstatlanticbank.com.gh

GOLD COAST SECURITIES LTD.

18-8TH AVENUE RIDGE
PO Box GP 17187
ACCRA
TEL: (021) 256342-3
FAX: (021) 256344
EMAIL: gclspartner@yahoo.com

MERBAN STOCKBROKERS LTD.

MERBAN HOUSE 44 KWAME NKRUMAH AVENUE
PO Box 401
ACCRA
TEL: (021) 251131-6
FAX: (021) 251138
EMAIL: Merban_Services@merbangh.com

NEW WORLD RENAISSANCE SECURITIES LTD.

2ND FLOOR, HERITAGE TOWERS
AMBASSADORIAL ENCLAVE
P. O. BOX CT.2868
CANTONMENTS
ACCRA
TEL: (021) 660163/676979/676980
FAX: (021) 670518
EMAIL: service@newworldgh.com
WEBSITE: www.newworld.com.gh

NTHC SECURITIES LTD.

MARTCO HOUSE, ADABRAKA
P. O BPX KIA 9563
AIRPORT
ACCRA
TEL: 238492-3 / 235814-5
FAX: 229975 / 240243
EMAIL: nthc@ghana.com

SDC BROKERAGE SERVICES LTD

1ST FLOOR FORMER NPART BUILDING
ASAFOATSE STREET, POST OFFICE SQUARE
P.O. BOX GP 14198
ACCRA
TEL: 669372 – 5/669894
FAX: 669371
EMAIL: brokerage@sdcggh.com
WEBSITE : www.sdcgh.com

LICENCED BROKER-DEALERS

STRATEGIC AFRICAN SECURITIES LTD
2ND RIDGE LINK, NORTH RIDGE
P.O. BOX 16446
ACCRA
TEL: 251546 – 9 / 7011770
FAX: 2515650-1/7010774
EMAIL: sas ltd@africaonline.com.gh

WORLDWIDE SECURITIES LTD.
NO. 8 RINGWAY LINK
PO Box OS 01072
OSU – ACCRA
TEL: 764578/256001
FAX: (021) 764580
EMAIL: info@worldwidesecurities-gh.com
WEBSITE: www.worldwidesecurities-gh.com

HFC BROKERAGE SERVICES LTD
NO. 6 SIXTH AVENUE
RIDGE AMBASSADORIAL AREA
P.O.BOX CT 4603
ACCRA
TEL: (021)664214/664203/683891-3
FAX: 664106
EMAIL: brokerage@hfcbank-gh.com
WEBSITE : www.hfcbank-gh.com

PRUDENTIAL SECURITIES LIMITED
No. 8 NIMA AVENUE, KANDA
RING ROAD CENTRAL
P. O. BOX CT. 628
CANTONMENTS, ACCRA.
TEL: (021) 771284/770963/768386
FAX: (021) – 768046
EMAIL: info@prudentialsecuritiesghana.com

CDH SECURITIES LTD.
NO. 36 INDEPENDENCE AVENUE, NORTH RIDGE
P. O. BOX 14911 (adj. Natl Insurance Comm)
ACCRA.
TEL: (021) 667425-8/7010394
FAX: (021) 662167
EMAIL: service@cdhghana.com

SIC FINANCIAL SERVICES LTD.
NO. 28/29 RING ROAD EAST (NYEMITEI HOUSE)
OSU
P. O. BOX 2363
ACCRA.
TEL: (021) 767051/767163/767117
FAX: (021) 767021
EMAIL: infofsl@sic-gh.com
WEBSITE : www.sic-fsl.com

IC SECURITIES LTD.
WEST BANK LANE
3RD FLOOR, GHANA HOUSE
HIGH STREET, ACCRA.
TEL: (021) 671285
FAX: (021) 671287
EMAIL: icsecurities@icsecurities.com

BLACK STAR BROKERAGE LTD.
F 304/5, 5TH NORLA STREET
LABONE, ACCRA
P.M.B. 59, OSU, ACCRA
TEL: (021) 785553
FAX: (021) – 768067
EMAIL: charles@blackstarbrokerage.com
WEBSITE : www.blackstarbrokerage.com

LIBERTY CAPITAL (GH.) CO. LTD.
CHEZ JULIE PLAZA
30 PAA GRANT STREET, COMMUNITY 10
TEMA
P. O. BOX CS 8876
TEMA
TEL : (021) 301486
EMAIL : info@libertygp.com

AFRICAN LEGACY FINANCE LTD.
F714/2, 18TH LANE, OSU-RE
PO BOX OS 1323 OSU, ACCRA.
TEL: 021 766 563 / 766 403
FAX: 021 766 563
WEBSITE :
www.africanlegacyfinancegh.com

AFRICAN ALLIANCE SECURITIES GHANA LTD.
2ND FLOOR, HERITAGE TOWER
RIDGE AMBASSADORIAL ENCLAVE
6TH AVENUE, RIDGE
ACCRA.
TEL: 021-679761-2/679723
EMAIL : nelson@africanalliance.com
WEBSITE : www.africanreliance.com

FIRSTBANC BROKERAGE LTD.
NO.6 SOUTH LIBERIA ROAD
P. O. BOX 1464
OSU, ACCRA.
TEL : (021) 250624/250380/250636
EMAIL : info@firstbancgroup.com
WEBSITE : firstbancgroup.com

GLICO FINANCIAL SERVICES CO. LTD
PO BOX GP 18086
ACCRA, GHANA
TEL: +233 21 767142
EMAIL: glicofin@gmail.com

TRUSTEES

MERCHANT BANK GH. LTD.	VANGUARD ASSURANCE CO. LTD.
MERBAN HSE, NO. 44 KWAME NKRUMAH AVE.	NO. 21 INDEPENDENCE AVENUE
P. O. BOX 401	P. O. BOX 1868
ACCRA.	ACCRA.
(Trustee)	TEL: (021)666485-7/782921-2
	FAX: (021) 668610
	EMAIL : vanguard@ghana.com
	WEBSITE : www.vanguardassurance.com
	(Trustee)

CUSTODIANS

PROVIDENT INSURANCE CO. LTD.	BARCLAYS BANK OF GHANA	MERCHANT BANK GH. LTD.
PROVIDENT TOWERS	BARCLAYS HOUSE	MERBAN HSE, NO. 44 KWAME NKRUMAH AVE.
RING ROAD CENTRAL	HIGH STREET	P. O. BOX 401
P. O. BOX 782	P. O. BOX GP. 2949	ACCRA.
ACCRA.	ACCRA.	(Custodian)
TEL: (021)229807/233964/221096	TEL: 669258/664901-4	
FAX: (021) 239463	FAX: 667681	
(Custodian)	EMAIL : ghanasecureiteis@barclays.com	
	(Custodian)	
STANBIC BANK GH. LTD.	FIDELITY BANK LTD.	CAL BANK LTD.
VALCO TRUST HOUSE	RIDGE TOWERS	PO BOX 14596 ACCRA
CASTLE ROAD	PMB, CANTONMENTS	TEL: 021 680 066 - 68
ACCRA.	ACCRA.	FAX: 021 680 081
TEL: (021)687670-8	TEL : 214490	EMAIL: calbank@calbank.net
FAX: (021) 687669/7011591	FAX : 678868	
EMAIL : stanbicghana@stanbic.com	WEBSITE : www.fidelitybank.com.gh	
(Custodian)	(Custodian)	

REGISTRARS AND ISSUING HOUSE

NTHC LTD.	MERCHANT BANK GH. LTD.	COMPUTERSHARE PAN AFRICA GH. LTD.
MARTCO HOUSE, ADABRAKA	MERBAN HSE,	23, ELEVENTH LANE
1 ST FLR, OKAI MENSAH LINK	NO. 44 KWAME NKRUMAH AVE.	OSU R.E.
P. O. BOX KIA 9563 ACCRA.	P. O. BOX 401 ACCRA.	ACCRA.
TEL: 238492 – 3/235814-5		
Fax: 229975/240243	GHANA COMMERCIAL BANK LTD.	
Email: nthc@ghana.com	SHARE REGISTRY OFFICE	
	PO BOX GP 134 ACCRA	
	TEL: 021 664 914 - 7	
	FAX: 021 662 168	
	EMAIL: gcbmail@gcb.com.gh	

CENTRAL SECURITIES DEPOSITORY

GSE SECURITIES DEPOSITORY CO. LTD.
5 TH FLOOR, CEDI HOUSE, LIBERIA ROAD
C/O P. O.BOX GP 1849 ACCRA.
TEL: 021-669908

LICENCED INVESTMENT ADVISERS

BOULDERS ADVISORS LTD.

NO.91 OSU BADU STREET
WEST AIRPORT
P. O. BOX C 3064
ACCRA
TEL: (021) 768625 / 771248 / 779837
FAX: (021) 771249
EMAIL: boulders@wwwplus.com

DATABANK ASSET MGT. SERVICE LTD.

NO. 61 BARNES ROAD, ADABRAKA
PMB, MINISTRIES POST OFFICE
ACCRA.
TEL: 681404, 7010070
FAX: 681443, 669100
EMAIL: : info@ databankgh.com
WEBSITE: www.databankgroup.com

ECOBANK INVESTMENT MANAGERS LTD.

19TH SEVENTH AVENUE
RIDGE WEST
P. O. BOX 16746
ACCRA
TEL: 021 680421/681148
FAX: 256344
EMAIL: ecobankgh@ecobank.com

GLICO FINANCIAL SERVICES CO. LTD.

GLICO HSE, AYIKAI STREET, ABOSSEY OKAI
P. O. BOX GP 18086
ACCRA.
TEL : 021-689679
FAX : 021-679341

FIRST ATLANTIC ASSET MGT. COMPANY LTD.

NO. 1 SEVENTH AVENUE
RIDGE WEST
PO Box CT 1620, CANTONMENTS
ACCRA
TEL: 231433 – 5
EMAIL: info@firstatlanticbank.com.gh
WEBSITE : www.firstatlanticbank.com.gh

GOLD COAST SECURITIES LTD.

18-8TH AVENUE RIDGE
P. O. BOX GP 17187
ACCRA
TEL: (021) 256342/3
Fax: (021) 256344
Email: gclspartner@yahoo.com

HFC INVESTMENT SERVICES LTD

NO. 6 SIXTH AVENUE
RIDGE AMBASSADORIAL AREA
P.O.BOX CT 4603
ACCRA
TEL: (021)664214/664203/683891-3
FAX: 664106
EMAIL: isl@hfcbank-gh.com
WEBSITE : www.ghana.com.gh/hfc

MERBAN INVESTMENT HOLDINGS LTD.

MERBAN HOUSE 44 KWAME NKURUMAH
AVENUE
PO Box 401
ACCRA
TEL: 666331 – 5
Email: Merban_Services@merbangh.com

NEW WORLD RENAISSANCE SECURITIES LTD.

2ND FLOOR, HERITAGE TOWERS
AMBASSADORIAL ENCLAVE
P. O. BOX C.2868
CANTONMENTS
ACCRA
TEL: 660163/676979/80
EMAIL: service@newworldgh.com
WEBSITE: www.newworld.com.gh

NTHC LTD

MARTCO HOUSE, ADABRAKA
PO Box KIA 9563
AIRPORT
ACCRA
TEL: 238492 – 3/235814-5
FAX: 229975/240243
EMAIL: nthc@ghana.com

SDC BROKERAGE SERVICES LTD

2ND FLOOR, CITY BUILDING
POST OFFICE SQUARE
PO Box 14198
ACCRA
TEL: 669372 – 5
Email: brokerage@sdcgh.com

SEM CAPITAL MANAGEMENT LTD.

4TH FLOOR, TRUST TOWERS
P. O. BOX CT 2069
ACCRA
TEL: 7010250
FAX: 240666
EMAIL: capital@semfinancial.com

AUREOS GHANA ADVISORS LTD

REGIMANUEL GRAY HEAD OFFICE
NO. 2 LA BY – PASS
P. O. BOX 2617, ACCRA
TEL: 770212 – 3 / 765116 - 7
EMAIL: jkholi@aureoswa@com

WORLDWIDE SECURITIES LTD.

NO. 8 RINGWAY LINK
P. O. BOX OS 01072
OSU – ACCRA
TEL: 764578 – 9
EMAIL: wic@aficaonline.com.gh

SAS INVESTMENT MANAGEMENT LTD

2ND RIDGE LINK, NORTH RIDGE
P.O. BOX16446
ACCRA
TEL: 251546 - 9 / 7011770
FAX:2515650-1/7010774
EMAIL: sasltd@africaonline.com.gh

LICENCED INVESTMENT ADVISERS

JCS INVESTMENT LTD
NO. 9, 13TH EXTENSION
RIDGE WEST
P.O.BOX 30710
KIA, ACCRA
TEL: (021) – 774567
FAX: (021) – 774220

NEW GENERATION INVESTMENT SERVICES LTD
1ST FLOOR, COCBOD JUBILEE HOUSE
ADUM – KUMASI
P. O. BOX UPO 603
KUMASI
TEL: 020 – 8121004/051-91607-9
FAX : 051-31286
EMAIL: newgenerationghana@yahoo.com

FIDELITY ASSET MANAGEMENT LTD. FIDELITY
HOUSE
RIDGE TOWERS, RIDGE
PMB 43, CANTONMENTS
ACCRA
TEL: (021) 245850
FAX : (021) 245851
EMAIL: service@fidelityghana.com
WEBSITE : www.fidelityghana.com

SIC FINANCIAL SERVICES LTD.
NO. 28/29 RING ROAD EAST (NYEMITEI HOUSE)
OSU
P. O. BOX 2363
ACCRA.
TEL: (021) 767051/767163/767117
FAX: (021) 767021
EMAIL: infofsl@sic-gh.com
WEBSITE : www.sic-fsl.com

CDH SECURITIES LTD.
NO. 36 INDEPENDENCE AVENUE, NORTH RIDGE
P. O. BOX 14911 (adj. Natl Insurance Comm)
ACCRA.
TEL: (021) 667425-8/7010394
FAX: (021) 662167
EMAIL: service@cdhghana.com

CAL ASSET MANAGEMENT LTD.
23 INDEPENDENCE AVENUE
P. O. BOX 14596
ACCRA.
TEL: (021) 667425-8/7010394
FAX: (021) 662167
EMAIL: SERVICE@CDHGHANA.COM

FIDELITY CAPITAL PARTNERS LTD.
18 AVIATION ROAD
PMB, CT. 255
CANTONMENTS - ACCRA.
TEL: (021) 782625
FAX : (021) 782627
EMAIL: info@fidelitycapitalpartners.com
WEBSITE : www.fidelityghana.com

CIDAN INVESTMENT ADVISORS LTD
CIDAN HOUSE
COMMUNITY 11, TEMA
P. O. BOX BT. 615
TEMA.
TEL:(022) 301243
FAX: (022) 301244
EMAIL: robengokon@cidaninvestment.com

IC SECURITIES LTD.
3RD FLOOR, GHANA HOUSE
ACCRA.
TEL: (021) 671285
FAX: (021) 671287
EMAIL: icsecurities@icsecurities.com

PRUDENTIAL SECURITIES LTD.
NO. 8 NIMA AVENUE, KANDA RING RD. CENTRAL
P. O. BOX CT 628
CANTONMENTS - ACCRA.
TEL: .(021) 771284/770963/768386
FAX: (021) – 768046
Email: info@prudentialsecuritiesghana.com

BLACK STAR ADVISORS LTD.
F 304/5, 5TH NORLA STREET
LABONE, ACCRA
P.M.B. 59, OSU, ACCRA
TEL: .(021) 785553
FAX: (021) – 768067
EMAIL: info@blackstaradvisors.com

STANBIC INVESTMENT MANAGEMENT
SERVICES LIMITED
VALCO TRUST HOUSE, CASTLE RD.
P. O. BOX CT. 2344
CANTONMENTS, ACCRA.
TEL :687670-8
EMAIL : asiedu@stanbic.com.gh
boamahk@stanbic.com.gh

EDC INVESTMENTS LTD.
NO. 5, 2ND RIDGE LINK
NORTH RIDGE.
P. O. BOX AN 16746
ACCRA
TEL: (021) 25172-7
FAX: (021) 251734
Email: edc@ecobank.com

ORIALLES CAPITAL LTD.
NO. 35 NMETSOBU STREET OSU
P. O. BOX CT. 5411
CANTONMENTS, ACCRA.
TEL: .(021) 7011131/0246551586

LIBERTY CAPITAL (GH.) CO. LTD.
CHEZ JULIE PLAZA
30 PAA GRANT STREET, COMMUNITY 10,
TEMA
P. O. BOX CS 8876
TEMA
TEL : (021) 301486
FAX : (021) 301487
EMAIL : info@libertygp.com

LICENCED INVESTMENT ADVISERS

PD ASSOCIATES LTD.
19 COCONUT AVENUE
ASYLUM DOWN, ACCRA
P. O. BOX CS 8876
TEMA, ACCRA.
TEL : (021) 240258

AFRICAN ALLIANCE SECURITIES GHANA LTD.
2ND FLOOR, HERITAGE TOWER
RIDGE AMBASSADORIAL ENCLAVE
6TH AVENUE, RIDGE
ACCRA.
TEL: 021-679761-2
FAX : 679723
EMAIL : nelson@africanalliance.com
WEBSITE : www.africanreliance.com

FRONTLINE CAPITAL ADVISORS LTD
NO. 8 OUT KOFI LINK
ELEVENTH LANE, KUKU HILL
OSU, ACCRA
CANTONMENTS, ACCRA.

GATEWAY INVEST. FUND MANAGEMENT LTD
NO. 40 - 41 SENCHI STREET
AIRPORT RESIDENTIAL AREA
PO BOX AN 6681 ACCRA

SOROMA CAPITAL LTD.
NO. F65/6 CLOTTEY CLOSE
NORTH LABONE
PO BOX CT 1209 ACCRA
TEL: (021) 920 805
FAX: (021) 777 005
EMAIL: info@soromacapital.com
WEBSITE: www.soromacapital.com

IFS CAPITAL LTD.
OPEIBEA HOUSE, 3RD FLR.
37 LIBERATION RD
P. O. BOX SR. 344
ACCRA.
TEL : (021) 766303
EMAIL : admin@ifsfinancegroup.com

FIRSTBANC FINANCIAL SERVICES LTD.
NO.6 SOUTH LIBERIA ROAD
P. O. BOX 1464
OSU, ACCRA.
TEL : (021) 921984
FAX : 921984

QFS SECURITIES LTD.
SUITE 201, VERTICAL COURT
COMMUNITY 5, TEMA
P. O. BOX CS 8007
TEMA.
TEL : (021) 205500
FAX : (021) 207004
EMAIL : service@gfsgroup.com

WEALTH MANAGEMENT LIMITED
NO. 334 SALEM ROAD, OSU KUKU HILL
PO BOX AN 15946 ACCRA, GHANA
TEL: 021 780 845
TEL / FAX: 021 780 846
EMAIL: wealthmanagementlimited@gmail.com

AL-TIME CAPITAL LTD.
NO. 25 WEST AIRPORT STREET
AIRPORT RESIDENTIAL AREA
ACCRA.
TEL : (021) 773102
FAX : (021) 766126
EMAIL : info@al-time.com.gh
WEBSITE : www.al-time.com.gh

AFRICAN LEGACY FINANCE LTD.
F714/2, 18TH LANE, OSU-RE
PO BOX OS 1323 OSU, ACCRA.
TEL: 021 766 563 / 766 403
FAX: 021 766 563
WEBSITE :
www.africanlegacyfinancegh.com

ECOBANK VENTURE CAPITAL CO. LTD.
NO. 19 SEVENTH AVE.
RIDGE WEST, HEAD OFFICE
P. O. BOX AN 16746
ACCRA-NORTH.
TEL : (021) 681146-8
FAX : (021) 680435
EMAIL : evc@ecobank.com

RENAISSANCE AFRICAN GROUP LTD
23 VOLTA STREET, AIRPORT RES. AREA
PO BOX KIA 30733 ACCRA
TEL: 021 777 165 / 765 888
FAX: 021 771 459

COLLECTIVE INVESTMENT SCHEMES (CIS)

Mutual Funds

DATABANK MONEY MARKET FUND LIMITED

NO. 61 BARNES ROAD, ADABRAKA
PMB, MINISTRIES POST OFFICE
ACCRA
TEL: 681404, 7010070
FAX: 681443, 669100
Email: : info@atabankgh.com
Website: www.atabankgroup.com

EPACK INVESTMENT FUND LIMITED

NO. 61 BARNES ROAD, ADABRAKA
PMB, MINISTRIES POST OFFICE
ACCRA
TEL: 681404, 7010070
FAX: 681443, 669100
Email: : info@atabankgh.com
Website: www.atabankgroup.com

NTHC HORIZON FUND LIMITED

MARTCO HOUSE, ADABRAKA
PO BOX KIA 9563
AIRPORT
ACCRA
TEL: 238492 – 3
Email: nthc@ghana.com

SAS FORTUNE FUND LIMITED

2ND RIDGE LINK, NORTH RIDGE
PO Box 16446
ACCRA.
TEL: 251546 - 9 / 7011770
Fax: 2515650-1/7010774
Email: sasltd@africaonline.com.gh

ANIDASO MUTUAL FUND LIMITED

1ST FLOOR, COCOBOD JUBILEE HOUSE
ADUM – KUMASI
P.O.BOX 3903
KUMASI.
TEL: (051) 91607-9/0243-854452
Fax : 051-31286/38203
Email: newgenerationghana@yahoo.com

CAMPUS MUTUAL FUND LTD.

HOUSE NO. D921/3, ADJACENT AMA
ASAFOATSE NETTEY STREET
P. O. BOX GP 14198
ACCRA.
TEL : (021) 669372-5
FAX : (021) 669371

DATABANK BALANCED FUND LIMITED

NO. 61 BARNES ROAD, ADABRAKA
PMB, MINISTRIES POST OFFICE
ACCRA
TEL: 681404, 7010070
FAX: 681443, 669100
Email: : info@atabankgh.com
Website: www.atabankgroup.com

IFUND MUTUAL FUND LTD.

2ND RIDGE LINK, NORTH RIDGE
HOUSE NO. 5
ACCRA.
TEL: 021-251720/251723-4

FIRST FUND LTD.

NO. 6 SOUTH LIBERIA ROAD
ADABRAKA, ACCRA.
KWAME NKURUMAH AVE
ADJOINING GRAPHIC RD
TEL : (021) 250624/250380
EMAIL : info@firstbancgroup.com
WEBSITE : firstbancgroup.com

DATABANK ARK FUND LIMITED

NO. 61 BARNES ROAD, ADABRAKA
PMB, MINISTRIES POST OFFICE
ACCRA
TEL: 021 681 404 / 701 0070
FAX: 021 681 443 / 669 100
EMAIL: info@atabankgh.com
WEBSITE: www.atabankgh.com

CHRISTIAN COMMUNITY MUTUAL FUND

AWULAKPAKPA STREET, OSU
PO BOX GP 919 ACCRA
TEL: 021 779 701
FAX: 021 779 701

Unit Trusts

HFC FUTURE PLAN TRUST

NO. 6 SIXTH AVE AMBASSADORIAL ENCLAVE,
WEST RIDGE, ACCRA.
P. O. BOX CT 4603
CANTONMENTS, ACCRA
TEL: (021)683891-3/664203/664214
FAX: (021) 664106
EMAIL : brokerage@hfcbank-gh.com
WEBSITE : www.hfcbank-gh.com

HFC EQUITY TRUST

NO. 6 SIXTH AVE AMBASSADORIAL ENCLAVE,
WEST RIDGE, ACCRA.
P. O. BOX CT 4603
CANTONMENTS, ACCRA
TEL: (021)683891-3/664203/664214
FAX: (021) 664106
EMAIL : brokerage@hfcbank-gh.com
WEBSITE : www.hfcbank-gh.com

HFC REAL ESTATE INVESTMENT TRUST

NO. 6 SIXTH AVE AMBASSADORIAL ENCLAVE,
WEST RIDGE, ACCRA.
P. O. BOX CT 4603
CANTONMENTS, ACCRA
TEL: (021)683891-3/664203/664214
FAX: (021) 664106
EMAIL : brokerage@hfcbank-gh.com

COLLECTIVE INVESTMENT SCHEMES (CIS)

Unit Trusts

CAPITAL GROWTH FUND
IC SECURITIES LTD.
3RD FLOOR EASTERN WING
GHANA HOUSE, WEST BANK LANE
ACCRA.
TEL: 021-671285
FAX : 021-671287
EMAIL : icsecurities@icsecurities.com
WEBSITE : www.icsecurities.com

HFC UNIT TRUST
NO. 6 SIXTH AVE AMBASSADORIAL ENCLAVE,
WEST RIDGE, ACCRA.
P. O. BOX CT 4603
CANTONMENTS, ACCRA
TEL: (021)683891-3/664203/664214
FAX: (021) 664106
EMAIL : brokerage@hfcbank-gh.com

GOLD FUND UNIT TRUST
21 DR. ISERT ROAD
NORTH RIDGE, NEAR THE ROYAL DANISH
EMBASSY
PO BOX GP 17187
ACCRA
TEL: (021) 256342/3
Fax: (021) 256344
Email: gcs@goldcoast.com

STANBIC INCOME FUND
VALCO TRUSTS HOUSE, RIDGE
PO BOX CT 2344
ACCRA
TEL: 021 687 670 - 8



APPENDIX B

Tables





Table 1

ISSUER	TYPE OF ISSUE	NUMBER OF SHARES OFFERED	AMOUNT TO BE RAISED (GHC)	AMOUNT RAISED (GHC)
Ecobank Ghana Ltd	Rights Issue	28,597,122	79,500,000	85,031,289
SG-SSB Bank Ltd	Rights Issue	57,500,000	23,000,000	19,557,557
CAL Bank Ltd	Rights Issue	150,000,000	30,000,000	13,909,287
Standard Chartered Bank Ltd	Rights Issue	1,655,172	48,000,000	59,175,254
Aluworks Ltd	Rights Issue	215,000,000	30,000,000	20,149,000
First Fund Ltd	CIS – Mutual Fund	1,000,000	100,000	
Christian Community Mutual Fund Ltd	CIS – Mutual Fund	1,000,000	100,000	Yet to commence IPO
100% Treasury Fund	CIS – Unit Trust	1,000,000	100,000	„
Aggressive Growth Fund	CIS –Unit Trust	1,000,000	100,000	„
Short Term Cash Fund	CIS – Unit Trust	1,000,000	100,000	„
Regular Income Fund	CIS – Unit Trust	1,000,000	100,000	„
Dollar Income Fund	CIS – Unit Trust	1,000,000	100,000	„
Rider Fund Ltd	CIS – Mutual	1,000,000	100,000	Yet to be approved

Table 2

			Portfolio Allocation				Clients		Market Share %
	Investment Advisor	Total Funds Under Management (GH¢)	Capital Market (%)		Money Market (%)	Others (%)	Institutions	Retail	
			Equity	Bond					
1	AL-Time Capital Ltd	961,837.15	8.24	-	90.13	-	14	118	0.14
2	Aureos Ghana Advisors Ltd	48,848,000.00	89.83	10.17	-	-	-	-	7.29
3	Black Star Advisors Ltd	14,200,000.00	-	-	-	100	1	-	2.12
4	CAL Asset Mgt Co. Ltd	43,661,011.31	2.07	0.53	96.38	1.02	68	6	6.52
5	CDH Securities Ltd	5,020,252.50	12	-	88	-	61	447	0.75
6	Cidan Invest. & Adv. Serv. Ltd	1,787,483.57	62.36	-	37.23	0.41	5	83	0.27
7	Databank Asset Mgt Ser. Ltd	90,557,831.00	69	-	31	-	49	61	13.52
8	Ecobank Invest. Mgers. Ltd	54,566,157.82	-	9.26	90.71	-	1	1	8.15

Table 2 *continued*

9	EDC Investments Ltd	96,803,184.45	18.27	7.89	51.83	22.01	54	79	14.45
10	Fidelity Asset Mgt Ltd	7,465,096.54	2.16	7.52	90.32	-	41	13	1.11
11	Fidelity Capital Partners Ltd	45,056,600.00	97.8	-	-	2.2	16	-	6.73
12	First Atlantic Asset Mgt. Ltd	17,176,404.00	1.6	22.82	67.86	7.72	7	31	2.56
13	FirstbanC Financial Serv. Ltd	418,109.15	-	-	100	-	1	6	0.06
14	Gold Coast Securities Ltd	13,138,158.35	21.15	-	77.75	1.1	2,602	98	1.96
15	HFC Investment Services Ltd	11,001,653.06	3.41	21.12	74.38	1.09	26	226	1.64
16	IC Securities (Gh) Ltd	1,175,415.00	11.06	-	79.96	8.98	17	682	0.18
17	IFS Capital Ltd	154,386.51	-	-	100	-	-	2	0.02
18	Liberty Capital Ghana Ltd	50,536.25	4.75	-	-	95.25	-	-	0.01

Table 2 *continued*

19	Merban Invst. Holdings Ltd	86,204,723.08	3.16	1.33	93.26	2.25	713	5,025	12.87
20	New Gen. Invest. Serv. Ltd	3,079,367.20	2.1	-	96.9	1	8	69	0.46
21	New World Renaissance Ltd	8,203,401.82	66.77	6.1	25.17	1.96	5	10	1.22
22	NTHC Ltd	16,631,485.85	-	-	100	-	151	6,520	2.48
23	Prudential Securities Ltd	1,608,808.00	-	-	100	-	3	-	0.24
24	SAS Investment Mgt Ltd	5,861,896.00	37.99	-	61.88	0.13	92	1,655	0.88
25	SDC Brokerage Services Ltd	4,840,820.00	0.11	1.1	99.89	-	32	63	0.72
26	SEM Capital Mgt Ltd	3,257,345.56	17.7	3.7	76.9	1.7	18	154	0.49
27	SIC Financial Services Ltd	67,080,430.88	43.09	1.57	54.06	1.28	24	8	10.02
28	Stanbic Invest. Mgt Serv. Ltd	20,898,943.44	4	-	96	-	20	15	3.12
	TOTAL	669,709,338.49					4,029	15,372	100

Table 3

	BROKER-DEALER	TOTAL TRANSACTIONS		CLIENTS		MARKET SHARE % (BY VOLUME)	MARKET SHARE % (BY VALUE)
		Volume	Value (GH¢)	Institutions	Retail		
1	African Alliance Securities Ltd	20,839,911	9,280,507.81	31	82	12.83	9.23
2	CAL Brokers Ltd	50,762,205	20,585,593.10	50	4,478	31.26	20.47
3	CDH Securities Ltd	451,862	223,677.89	8	82	0.28	0.22
4	Databank Brokerage Ltd	40,100,000	31,100,000	101	782	24.69	30.93
5	EDC Stockbrokers Ltd	7,731,714.00	5,927,781.00	129	2,721	4.76	5.90
6	First Atlantic Brokers Ltd	1,654,266	707,612.89	20	345	1.02	0.70
7	Gold Coast Securities Ltd	4,074,950	1,925,787.70	31	2,733	2.51	1.92
8	HFC Brokerage Services Ltd	1,951,887	1,305,294.83	47	820	1.20	1.30
9	IC Securities (Gh) Ltd	9,793,415	17,853,096.95	41	510	6.03	17.75
10	Merban Stockbrokers Ltd	600,000	1,553,185.20	80	8850	0.37	1.54
11	New World Renaissance Ltd	2,484,402	2,476,868.86	44	2,698	1.53	2.46

Table 3 continued

	BROKER-DEALER	TOTAL TRANSACTIONS		CLIENTS		MARKET SHARE % (BY VOLUME)	MARKET SHARE % (BY VALUE)
12	NTHC Securities Ltd	2,144,761	1,621,921.29	48	12,015	1.32	1.61
13	Prudential Securities Ltd	5,474,769	3,658,921.00	31	560	3.37	3.64
14	Strategic African Securities Ltd	9,301,162	1,856,748.27	15	444	5.73	1.85
15	SDC Brokerage Services Ltd	3,679,077	52,843.18	2	1,706	2.27	0.05
16	SIC Financial Services Ltd	1,219,035	396,956.03	10	926	0.75	0.39
17	WorldWide Securities Ltd	145,564	28,092.21	100	70	0.09	0.03
	TOTAL	162,408,980	100,554,888.21	788	39,822	100	100

Table 4 (a)

	Mutual Funds	Manager of Scheme	Net Asset Value (GH¢)	No. of Shareholders	Scheme Performance (Annualized Yield %)
1	Anidaso Mutual Fund Ltd	New Gen. Investment. Ser. Ltd	538,583.63	764	-19.52
2	Campus Mutual Fund Ltd	SDC Brokerage Ltd	221,787.88	1,456	-10.46
3	Databank Balanced Fund Ltd	Databank Asset Mgt. Serv. Ltd	2,165,336.75	4,162	-3.56
4	EPACK Investment Fund Ltd	Databank Asset Mgt. Serv. Ltd	55,416,017.50	81,919	-5.11
5	Fortune Fund Ltd	SAS Investment Mgt. Ltd	987,599.00	1,783	-22.74
6	Horizon Fund Ltd	NTHC Ltd	761,192.53	1,365	-2.13
7	Money Market Fund Ltd	Databank Asset Mgt. Serv. Ltd	31,205,165.94	31,233	28.06
8	Databank Ark Fund Ltd	Databank Asset Mgt. Serv. Ltd	315,546.24	2,040	4.1
9	iFund Mutual Fund Ltd	Ecobank	4,205,992.80	5,001	22.45
	TOTAL		95,817,222.27	129,723	

Table 4 (b)

	UNIT TRUSTS	Manager of Scheme	Net Asset Value (GH¢)	No. of Unit holders	Scheme Performance (Annualized Yield %)
1	Gold Fund	Gold Coast Securities Ltd	2,395,012.34	2,622	-26.31
2	HFC Equity Trust	HFC Investment Services Ltd	1,446,194.35	2,518	-19.94
3	HFC REIT	HFC Investment Services Ltd	5,480,592.00	856	35.59
4	HFC Unit Trust	HFC Investment Services Ltd	21,178,684.00	17,481	23.5
5	HFC Future Plan Trust	HFC Investment Services Ltd	437,748.16	174	10.42
6	Capital Growth Fund	IC Securities (Gh) Ltd	280,763.81	536	21.16
	TOTAL		31,218,994.66	24,187	

Table 5

	Name of Scheme	Amount Mobilized in	Share of Total Amount Mobilized in 2009 (%)	Share of Customer base (%)	Share of Total Net Asset (%)	Annualized Yield -2009 (%)	Annualized Yield -2008 (%)
	MUTUAL FUNDS						
1	Anidaso Mutual Fund	185,169.86	0.46	0.59	0.56	-19.52	29
2	Campus Mutual Fund	38,994.44	0.10	1.12	0.23	-10.46	31.7
3	Databank Balanced Fund	423,349.28	1.05	3.21	2.26	-3.56	18.06
4	EPACK Investment Fund	9,218,303.71	22.80	63.15	57.84	-5.11	-3.68
5	Fortune Fund Ltd	191,086.43	0.47	1.37	1.03	-22.74	42.54
6	Horizon Fund	6,123.00	0.02	1.05	0.79	-2.13	23.88
7	Money Market Fund	26,020,000.00	64.35	24.08	32.57	28.06	18
8	Databank Ark Fund	306,844.29	0.76	1.57	0.33	4.1	N/A
9	iFund Mutual Fund	4,043,811.39	10.00	3.86	4.39	22.45	N/A
	TOTAL	40,433,682.40	100	100	100		

Table 6

	Name of Scheme	Amount Mobilized in	Share of Total Amount Mobilized in 2009 (%)	Share of Customer base (%)	Share of Total Net Asset (%)	Annualized Yield -2009 (%)	Annualized Yield -2008 (%)
	UNIT TRUSTS						
1	Gold Fund	1,082,029.00	6.55	10.84	7.67	-26.31	37.32
2	HFC Equity Trust	654,439.60	3.96	10.41	4.63	-19.94	38.89
3	HFC REIT	4,528,063.37	27.42	3.54	17.56	35.59	28.37
4	HFC Unit Trust	9,884,509.05	59.86	72.27	67.84	23.5	18.7
5	HFC Future Plan Trust	38,014.43	0.23	0.72	1.46	10.42	N/A
6	Capital Growth Fund	326,370.50	1.98	2.22	0.89	21.16	N/A
	TOTAL	16,513,425.95	100	100	100		

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The hen sits on her
chicks for **protection**
and **not to** kill them