

Securities and Exchange Commission

Annual Report 2013





"ENSURING INVESTOR PROTECTION"

VISION

To be an internationally recognized securities market regulator promoting efficient capital market in Ghana and ensuring investor protection.

MISSION

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. This involves ongoing supervision and regulation of the Ghanaian securities market, the education of market operators, policy makers as well as investors on their respective rights and obligations.

OBJECTIVES

- . Enhancement of capital market infrastructure and strengthening the capacity market institution and intermediaries.
- . Development of capital market product and services.
- . Promotion of public awareness and corporate education.
- . Establishment of robust, supportive, legal and regulatory framework that conforms to international best practice.

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Chairman's Statement



Professor E.V.O Dankwa
Board chairman

INTRODUCTION

The reporting year has been quite challenging for the Ghanaian economy upon which the development and sustenance of our capital market is anchored. The economic environment was quite unstable with key economic fundamental indicators showing negative outturns. Persistent inflationary pressures during the year pushed the average rate of inflation from 9.1% in 2012 to 11.65% by the end of 2013. Real GDP dropped from 8.8% in the preceding year to 7.1%. With the exception of the capital market, the services sector recorded sharp decline in growth from 11.0% to 8.9% between the same periods. Despite these economic difficulties, all segments of the capital market continued to show remarkable robustness in growth and stability. Investor confidence in the market was buoyed by the provision of better investor protection framework and investor education strategies adopted by the Commission with the singular vision of making our markets one of the best regulated and a true regional hub for capital raising and investments.

THE STOCK MARKET

It is gratifying to report that our stock market was among the best performers in Sub-Saharan Africa. The Ghana Stock Exchange Composite Index (GSE-CI) recorded impressive returns of 56% in dollar terms and 78.81% in cedi terms to investors. Total volume and value traded appreciated significantly by 251% and 43.5% respectively. These positive developments helped to increase Market Capitalization by 6.8% from GH¢57,264 million in 2012 to GH¢61,158 million in 2013.

Despite the encouraging performance coupled with investor confidence in our stock market as well as significant progress made towards automation and modernization of the trading and settlement infrastructure, it was still constrained by the problem of depth and liquidity which stood at 0.75% by the end of the reporting year. In view of the liquidity challenges, the Commission has recognized the need for making immediate changes to the market's micro-structure to facilitate injection of liquidity into the market. For this reason, in the coming year, the Commission will see to the introduction of rules for securities lending and borrowing, margin trading and market making, among others. The Commission will also renew its call on the government to contemplate using the Ghana Stock Exchange as the preferred medium to privatize State Owned Enterprises, which is not only the most transparent mode of privatization, but also serves as an effective strategy for market deepening and creation of liquidity.

THE FUNDS MANAGEMENT SECTOR

The Funds Management Industry which includes the collective investment schemes (mutual funds and unit trusts), and asset management, also displayed significant growth both in size and net asset value. The total net asset value of the industry grew by 19.0% over that of the previous year. This is exclusive of pension funds managed by fund managers licensed for that function by the Commission.

Development and promotion of the Collective Investment Scheme sector has been one of the most important strategic planks used by the Commission to draw individual and small retail investors to the capital market. In addition to this, our strategic intent was to use this sector to enhance the local institutional investor base of the

capital market and encourage the funds to play a critical role in the improvement of corporate governance standards in the country. During the year, the number of funds licensed increased from 31 in the previous year to 35. Effective portfolio management practices coupled with improved performance in the equities market and high yields derived from fixed income securities, pushed total net asset value to increase by 50.0% between the same periods.

THE BOND MARKET

Due to macroeconomic imbalances that have saddled the economy over the years, the bond market continued to be dormant and generally underdeveloped. Apart from sovereign bonds which were issued by the Government of Ghana, the other segments of the bond market were generally subdued and virtually non-existent – corporate, agency and municipal bonds. It would take the collective efforts and commitment of all stakeholders to get the bond market up and running. The Commission continued to consider the bond or debt market as an important segment of the capital market which could provide the country with the needed long-term capital for her industrialization and development of infrastructure.

Undoubtedly, the development of the corporate bond market is of immediate concern to the Commission. However, its development is mainly constrained by an uncertain macroeconomic environment which is ostensibly beyond the control of the Commission. Capital market development is certainly a function of sound fiscal and monetary policy initiatives. The macroeconomic imbalances inevitably increased uncertainty and risks associated with long-dated instruments. This discouraged investors from investing in long-term instruments. Moreover, having regard to the very high yields on the short-

Chairman's statement continued

term securities such as the Treasury Bills, which is more attractive to investors than long-term assets, issuers of corporate bonds found it very costly and difficult to issue such bonds. Furthermore, lack of established liquid benchmark government securities yield curve is considered one of the most significant impediments to the development of a viable corporate bond market and the debt securities market as a whole. Acceleration of efforts to develop a credible liquid yield curve for different instrument maturities before the development of the non- sovereign bond market is strongly recommended by the Commission.

Over the years, lack of the presence of credit rating agencies has been described as one of the causes hampering the development of the bond market in the country. Many local firms particularly in the banking and insurance industries as well as government, have had to be rated by external rating agencies in response to investors' preference and demand. In view of this, the Commission has in the course of the reporting year, commenced drafting guidelines for registration, licensing and regulation of Credit Rating Agencies, as part of its initiative to attract credit rating business into the country and towards the development of our local bond market. These guidelines may be issued soon to the market.

INSTITUTIONAL CAPACITY

The exercise of our supervisory and regulatory responsibility was in a way both challenging and constructive to the development of the capital market. Despite the hard work and dedication exhibited by staff, the year revealed an urgent need to build the capacity of the Commission, both in numbers and quality of staff as well as in the review of their condition of service which ought to be benchmarked to similar or appropriate regulatory authorities in the financial sector. It also calls for ensuring the independence of the

Commission in accordance with the requirements of the International Organisation of Securities Commissions (IOSCO). During the year, the SEC was unable to attract and retain staff largely due to poor remuneration and condition of service compared to analogous financial regulators in the country. We lost three of our valuable senior staff members who have since been difficult to replace. The operational effectiveness of the Commission was also affected by a reduction in disbursement of funds from the government thus putting a lot of constraints on its operations in fulfilment of its statutory mandate and requirements of IOSCO. Furthermore, a few years ago, the payment of SEC staff from the Accountant General's Department, effectively converted the staff into civil servants contrary to the statute establishing the Commission. This has posed a significant challenge to the Commission's independence. This serious challenge is deemed by members of the Commission as constituting significant risk to investors and the securities market as a whole, particularly, with the increase in the number of licensees every year over whom the Commission has to maintain effective surveillance. We humbly submit that Government as a matter of urgency should seriously consider giving the Commission enough financial flexibility to avert further weakening of such an important national institution.

MARKET REGULATION & DEVELOPMENT

Operationally, the Commission continued to put in measures as part of its policy commitments towards the improvement of market transparency and disclosure-based regime. During the reporting year, the Commission made great strides towards strengthening rules and procedures governing the market with respect to disclosures and transparency. Some of the measures taken in this regard included, circulars issued to the market on permissible investments by investment advisors

and guidelines on investments in relation to commercial papers.

On market development, in addition to other initiatives as stated above, the Commission completed a draft guideline on licensing, regulation and operation of Real Estate Investments Funds (REIFS) with the aim of linking the capital market to the property and real estate sector of the national economy. Our goal is to have all the REIFS listed on the Ghana Stock Exchange to provide liquidity to investors.

We are happy to reveal that, through our on-site and off-site inspection regime, supported by automated market surveillance and alert system, close surveillance was effectively and efficiently maintained on the market to ensure that market participants were in compliance with the Securities Laws, Rules and Regulations. Appropriate penalties and sanctions were imposed on firms found to be in breach, in a timely manner. One of the licensed firms had its licence suspended and bank accounts frozen for gross violations. On the whole, it is gratifying to report that market participants were generally compliant with the Securities Laws, Rules and Regulations.

INTERNATIONAL COOPERATION & CAPACITY BUILDING

The Commission continued to participate fully in the activities of the International Organisation of Securities Commissions (IOSCO) as well as meetings of its sub-regional group, the Africa and Middle-East Regional Committee (AMERC). This afforded us the opportunity to build capacity, share information, compare notes, acquire and maintain the cutting edge needed for effective regulation of our securities market in line with international best practices and standards. As members of IOSCO, we continued to work hard to qualify for the Multilateral Memorandum of Understanding (MMOU), which will assist us to share information easily with regulators in other jurisdictions in view of the increasingly global nature of securities transaction. In connection with this and among other things, the Commission kept pushing hard to have our Securities Industry Law amended in conformity with international standards. We hope that the Government through the Ministry of Finance would help us to fast-track the process of amendment through Parliament.

APPOINTMENT OF DEPUTY DIRECTOR-GENERAL, LEGAL

In the reporting year, Mr. Alexander Williams joined the Commission as Deputy Director-General – Legal, after a long and exhaustive search and head -hunt. Mr. Alexander Williams is a seasoned lawyer and a fellow of the Chartered Institute of Bankers (Ghana). He has undoubtedly, brought to bear his rich experience to the work of the Commission. We warmly welcome him.

Chairman's statement continued

CONCLUSION

None of the varied achievements of the Securities and Exchange Commission would have been possible without the hard work, dedication and support of the Staff, Management and fellow Commissioners. Their invaluable contribution to the overall policy direction and activities of the Securities and Exchange Commission in pursuance of its statutory mandate has been very tremendous and encouraging. The contribution of all other stakeholders including the Ministry of Finance and Government is also deeply appreciated and acknowledged. Despite the economic difficulties experienced in 2013, the Commission remains undaunted to confront the coming year with resolute commitment and optimism towards the development of our capital market.

Thank you.



PROFESSOR E.V.O. DANKWA
(CHAIRMAN)

Director General's report

Introduction

Our operational activities in 2013, continued to be geared towards making the capital market an important and integral part of the financial market infrastructure of the Ghanaian economy, which supports the economic growth of the country. In view of this, we were conscious of aligning our operations to the strategic certainty and framework provided by the Commission's five-year strategic plan which is generally aimed at making Ghana's capital market one of the most robust and well regulated markets in the West-African sub-region.

Market Development Initiatives

Although the economic environment in which we operated was quite challenging, we continued to work towards deepening the capital market by approaching many state owned organizations, private companies and the Association of Ghana Industries to consider raising both equity and debt capital on the Ghana Stock Exchange to finance their operations and reduce their reliance on short term financing. The development of the bonds market therefore became a paramount preoccupation of the Commission during the year. Through advocacy, the Government was encouraged to consider the creation of an infrastructure fund to facilitate the issuing of bonds to finance the infrastructure gap confronting the country. Through the issue of such bonds, Government was thereby expected to help establish appropriate yield curves for the development of the corporate and other bonds market for the economy and the development of the private sector in general.

In addition to the above initiatives, the Commission had engagements with the Ghana Real Estate Developers Association (GREDA) to encourage



their members to assess long term funds from the market through the issue of bonds on the Stock Exchange to increase housing delivery in the country.

In line with the Commission's objective of linking the capital market with the real estate sector, the Commission during the year developed Draft Guidelines for Real Estate Investment Funds (REIFs) which is directed at the development of the property or real estate sectors of the economy. REIFs will be required to list on the Ghana Stock Exchange to provide liquidity for investors. The development of REIFs will create a strong link between the capital market and the real estate sector to help solve the housing deficit in the country.

In 2010, the Commission with financial support under the EMCB programme implemented by the Ministry of Finance and Economic Planning commissioned a feasibility study into the establishment of a commodity exchange in Ghana. The Commission during the period continued working together with the Ministry of Trade and the Ministry of Finance to establish the Ghana Commodity Exchange.

There is the need for companies like telecoms, banks, mining and other oil and gas companies operating in the country to list on the stock exchange. To achieve this, the Commission during the year continued advocating for a Government policy that will ensure that companies in these selected industries float part of their shares on the stock exchange after operating for 5 years, suggesting that this should be part of licensing conditions for such companies.

Launch of Market Surveillance System and Regulatory Compliance Portal

The Commission launched its Market Surveillance System in October 2013. The Commission's Regulatory Compliance Portal also went live in October on a 3-month trial phase during which it was run side-by-side with the manual system of filing. This was to enable market operators familiarise themselves with the system while providing sufficient time for teething problems of the new system to be addressed.

The Market Surveillance System allows for real-time monitoring of the trading activities on the Ghana Stock Exchange to detect market manipulation and other abuses in a quick and easy manner. The aim of the Regulatory Compliance Portal is to provide an all-in-one web portal equipped with on-line digital library, information portal and an interface between the activities of the Commission and all its external stakeholders as well as electronic filing of vital information which the Commission needs to carry out its mandate.

Prior to the launch of the systems, the Commission organized a training program for its staff on the use of the systems during the months of February and March 2013. Subsequently, market operators were also trained on the use of the Regulatory Compliance Portal.

Market Meetings

During the year, the Commission continued with its meetings with the market, introduced in 2011. Two meetings each were held with Compliance Officers of Capital Market Operators (CMOs) and Chief Executive Officers of CMOs to deliberate on issues pertaining to the development of the market. These meetings provided very useful and instructive insights for a more efficient and

effective regulation of the capital market. In the last quarter of the year, the Commission held another meeting with CMOs to discuss modalities for levying CMOs to support the budget of the Commission as provided for in the Securities Industry Bill.

A meeting was held with Chief Executive Officers and Chief Finance Officers of listed companies on 29th October 2013 to discuss among other things the disclosure requirements in financial statements to facilitate compliance. Other issues discussed included the maintenance of websites and investor relations desks. The Commission also held a meeting with Auditors of CMOs and listed companies on 19th December 2013. The purpose of the meeting was to discuss concerns with the presentation and disclosure of information in financial statements of listed companies and CMOs.

West African Capital Markets Integration

The Commission during the period played key roles in the West African Capital Market Integration Council (WACMIC) which was officially inaugurated at the ECOWAS Commission, Abuja, Nigeria on 18th January 2013 by the ECOWAS Commissioner for Trade Industry, Customs and Free Movement on behalf of the ECOWAS President, HE Kadre Desire Ouedraogo.

WACMIC is made up of the Heads of Securities Commissions and Stock Exchanges in Nigeria, Ghana, Sierra Leone and BRVM (the single market of the eight francophone West Africa), and is tasked with ensuring the integration of capital markets in the sub region. The integration will provide a platform that enables capital to move freely across the West African region and deepen the capital markets in the region.

Director general's report continued

The Commission believes an integrated capital market in the sub region will boost economic development of our sub region.

The first meeting of WACMIC was held in Abidjan, Cote D' Ivoire on 18th March 18, 2013 and hosted by BRVM. The Commission hosted the second meeting of WACMIC in Accra on 6th September 2013. The third meeting of WACMIC was held on 30th November and 1st December 2013 in Abidjan, Cote D' Ivoire and hosted by BRVM.

Training and Capacity Building

As the capital market in Ghana evolves, there is the need to build the capacity of the Commission's staff to meet emerging challenges in the market. Staff of the Commission continued to be trained on various aspects of the market to develop their capacity to effectively and efficiently supervise the activities of licensed entities and regulate the market.

During the year staff attended courses and programmes both local and external to enhance their capacities. Foreign courses and programmes attended during the period were those organized by IOSCO, WAIFEM and other securities regulatory bodies which do not involve the payment of course fees. Financial constraints continue to serve as a challenge to the Commission in its efforts to offer staff the needed training.

Finance and Human Resources

The national economic challenges in 2013 seriously affected the Commission, particularly in the area of operational resources from government. During the period the government continued to fund the salaries of staff, but was unable to release funds to the Commission for goods and services and for investments. The Commission was therefore compelled to totally rely on its limited Internally Generated Funds (IGF) to finance its operations which included on-site inspections and capacity building, among others. This has exerted serious strain on our limited resources and our ability to fully implement planned programmes, particularly with respect to the actualization of our five- year strategic plan.

During the period the Commission obtained financial clearance from the Ministry of Finance and Economic Planning to recruit fourteen (14) new staff for its expanded operations. The Commission, however, continued to be plagued by staff attrition in 2013. Three (3) well trained and experienced professional staff, including two (2) heads of department resigned from the Commission. This forced us to use the remaining staff members for multiple roles which exerted untold stress on them. Filling these vacancies was not possible, because we could not receive the needed financial clearance to replace them. The high attrition rate of the Commission's professional staff remains a major challenge of the Commission. Staff of the Commission need to be remunerated well to encourage their retention.

International Co-operation

To building the regulatory capacity of the Commission it is imperative for the Commission to forge closer co-operation and collaboration with securities regulators in other jurisdictions. During the year, the Commission took active part in the activities of the International Organization of Securities Commissions (IOSCO) and its regional grouping, the Africa and Middle East Regional Committee (AMERC) as well as its Growth and Emerging Markets Committee (GEM). Our participation enabled us to learn and share experiences with other jurisdictions regarding regulation and development of securities markets.

The Commission was admitted into IOSCO in 2002 and given a 'Signatory-B' status. Ghana has been working hard to fulfill all requirements for the signing of IOSCO's Multilateral Memorandum of Understanding (MMOU) which will offer Ghana a 'Signatory-A' status within IOSCO, allowing for sharing of information and co-operation with all other 'Signatory-A' regulatory agencies. We are working on the review of some aspects of the Securities Industry Law (SIL) to meet the requirements of IOSCO's MMOU. The Commission is hopeful that the Securities Industry Bill will be passed into Law by the end of 2014 for the Commission to qualify for a 'Signatory-A' status within IOSCO.

The Commission is represented on the Financial Stability Board's Regional Consultative Group for Sub Saharan Africa and actively participated in the Group's activities during the year. In the later part of 2012, an International Affairs Unit was set up under the Director-General's Office to respond to enquiries from securities regulators in other jurisdictions, as well as other regional and global financial policy making institutions. The Unit also reviews Exposure Drafts issued by IOSCO to enable the Commission make inputs into IOSCO policy documents.

Conclusion

The year 2013 was both difficult and exciting for the market and the Commission. We shall continue to stay the course towards the development and regulation of an active and efficient securities market and see to addressing all existing limitations on the ability of Ghanaians and other investors to access a broader range of investment products that meets their investment appetite.

I wish to thank members of the board of the Commission for their strategic direction and support during the year. I cannot end without thanking staff of the Commission for their efforts in the face of the many challenges we faced as a Commission in 2013. It is my hope that we will all remain committed to the mission and vision of the Commission and work even harder in the coming years.



ADU A. ANTWI
(DIRECTOR-GENERAL)

1. Corporate Governance

1.1 Mandate of the Commission

The Board of the Commission is responsible for strategic direction of the Commission with respect to the development and regulation of the capital market in Ghana. It is accountable to the Government of Ghana, through the Ministry of Finance, to ensure compliance with the law and the highest standards of corporate governance. It establishes the long-term goals of the Commission and ensures that effective plans are developed and implemented.

Section (9) of the Securities Industry Act, 1993 (PNDCL 333) as amended by the Securities Industry (Amendment) Act, 2000 (Act 590) provides the general functions of the Commission which includes the following:

- Advise the Minister of Finance on all matters relating to the securities industry
- Maintain surveillance over the securities market and ensure fair and equitable dealings in securities
- Formulate principles for the guidance of the industry
- Protect the integrity of the securities market against any abuses arising from insider trading
- Review, approve and regulate takeovers, mergers and acquisitions and all forms of business combinations in accordance with the required laws or code of practice
- Examine and approve invitations to the public
- Create the necessary atmosphere for the orderly growth and development of the capital market

1.2 Membership of the Commission

The Board of the Commission consists of 11 persons made up of a Chairman, who is a non-executive member, seven other non-executive members and three executive members. Three of the non-executive members represent key stakeholder institutions namely, the Bank of Ghana, the Registrar-General's Department and the Ministry of Finance. The rest represent public interest including the investor public.

All the Commissioners are appointed by the President of the Republic of Ghana in consultation with the Council of State. Commissioners hold office for 3 years but are eligible for re-appointment at the end of their three-year term. The President of the Republic of Ghana also appoints the Director-General and two Deputy Directors-General upon terms, and the employees of the Commission with the advice of the Commission given in consultation with the Public Services Commission. Members of the Board have a variety of professional and academic backgrounds which help to provide a balance of skills, knowledge and experience needed for the work of the Commission.

Table 1.0: SEC Commissioners

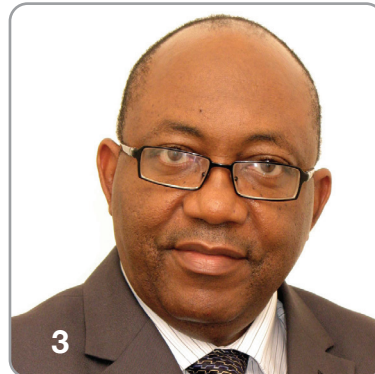
During the reporting year

The Board was composed as follows:

Professor E.V.O Dankwa	Chairman
Mr. Adu Anane Antwi	Director- General
Mr. Alexander Williams	Deputy Director-General (Legal)
Mr. Gaddiel Ekow Acquaaah- Arhin	Deputy Director-General (Finance)
Mrs. Jemima M. Oware	Member (Rep. of Registrar General's Dept.)
Mr. Kofi Adu Labi	Member (Rep. of Bank of Ghana)
Mr. K.B. Oku-Afari	Member (Rep. of Ministry of Finance)
Dr. Charles Asembri	Member
Mrs. Justice Margaret Welbourne	Member
Ms. Sena Kudjawu	Member
Mr. Joe Aboagye Debrah	Member

Board of Directors

SEC Commissioners Continued



1. Professor E.V.O. Dankwa (Chairman)

Professor Emmanuel Victor Oware Dankwa is a retired Associate Professor of Law of the University of Ghana, Legon. He is a private legal practitioner and holds an LLB (Ghana), BCL (Oxon), LLM (Yale), and JSD (Yale).

2. Mr. Adu Anane Antwi (Director- General)

Mr. Adu Anane Antwi is a Chartered Accountant and a Barrister-at-Law from the Ghana School of Law. He holds a B. Sc. Administration (Accounting) and a Master of Business Administration from the University of Ghana. He is a member of the Institute of Chartered Accountants, Ghana, the Ghana Bar Association, the Commonwealth Lawyers Association and the International Bar Association.

3. Mr. Alexander Williams (Deputy Director- General – Legal)

Mr. Williams is a lawyer and a fellow of the Chartered Institute of Bankers (Ghana). He holds an MBA from Ghana Institute of Management and Public Administration (GIMPA). He is a member of the Ghana Bar Association and International Bar Association. Mr. Alexander Williams assumed duty on 1st July 2013.

4. Mr. Gaddiel Ekow Acquah-Arhin (Deputy Director-General, Finance)

Mr. Ebenezer Ekow Acquah-Arhin is a Chartered Accountant and also holds an MSc. degree in Public Sector Economics from the University of Buckingham, UK and Bachelor of Commerce (Honours) degree from the University of Cape Coast.

5. Mrs. Jemima Mamaa Oware (Member – Rep. of Registrar-General's Department)

Mrs. Jemima Oware is a Barrister-at Law from the Ghana School of Law and holds a Bachelor of Arts (B.A.) degree from the University of Ghana. She is the Deputy Registrar-General at the Registrar-General's Department, Ghana.

6. Mr. Kofi Otutu Adu Labi (Member – Rep. of Bank of Ghana)

Mr. Kofi Otutu Adu Labi is a Barrister-at-law from the Ghana School of Law and holds an LLB (Hons) from the University of Ghana. He also has a certificate in Investment Negotiations from the Georgetown University Law Centre, Washington and an MBA degree from the University of Bradford School of Management, U. K.

7. Mr. Kwabena Boadu Oku- Afari (Member- Rep. of Ministry of Finance)

Mr. Kwabena Oku- Afari is the Chief Economics Officer and Director, Real Sector Division of the Ministry of Finance.

8. Dr. Charles Asembri (Member)

Dr. Charles Asembri is a Securities Market Consultant and holds an MBA in Marketing and International Business from the New York University, an Advanced Professional Certificate in International Finance from New York University and a PhD in Business Administration from City University of New York. He is a former Director- General of the Commission.

9. Mrs. Justice Margaret Welbourne (Member)

Mrs. Justice Margaret Welbourne is a Court of Appeal Judge with the Judicial Service of Ghana. She is a council member of the Chartered Institute of Taxation (Ghana), International Federation of Women Lawyers, (FIDA), Ghana, and the Association of Judges and Magistrates, Ghana. She holds a Bachelor of Arts (B.A.) degree in English and Linguistics from the University of Ghana and LLM in International Taxation from the Harvard University, U.S.A.

10. Ms. Sena Kudjawu (Member)

Ms. Sena Kudjawu is a Barrister-at-Law from Middle Temple, UK and holds an LLB (Hons) from the University of Warwick, UK. She is a Legal Practitioner at Kudjawu & Co, a firm of solicitors and barristers Accra, and a member of the Ghana Bar Association.

11. Mr. Joe Aboagye Debrah (Member)

Mr. Joe Aboagye Debrah is a Barrister-at-Law from the Ghana School of Law and holds an LLB (Hons) from the University of Ghana. He also holds an LLB (with merit) in International Banking and Finance from the London School of Economics, U.K. He is a partner of 1st Law, a firm of legal practitioners in Accra and a member of the Ghana Bar Association.

Board Meetings

The Commission meets at least once every 2 months and whenever necessary emergency meetings are held. During the year under review, six (6) Board meetings were convened. Members of the Commission are assigned to various Committees of the Commission which meet in between board meetings. Under the Terms of

Reference of the Committees,

- (a) Each Committee is required to meet as frequently as is required for the effective discharge of its mandate;
- (b) Each Committee is required to report on its work to the Commission at each Commission meeting.

Table 1.2: Board Committees

Membership and the number of Meetings of each Committee are given in the table below:

COMMITTEE	MEMBERSHIP	NO. OF MEETINGS HELD
Approvals & Licensing Committee	Professor E.V.O. Dankwa (Chairman) Mr. Adu A Antwi Mr. Alexander Williams Mr. G. E. Acquaaah-Arhin Dr. Charles Asembri Mrs. Jemima M. Oware Mr. Joe Aboagye Debrah	4
Research and Market Development Committee	Dr. Charles Asembri (Chairman) Mr. Adu A Antwi Mr. Alexander Williams Mr. G. E. Acquaaah-Arhin Mrs. Justice Margaret Welbourne Mr. Joe Aboagye Debrah Mr. K.B. Oku-Afari	0
Finance & Administration Committee	Mr. Kofi Adu-Labi (Chairman) Mr. Adu A Antwi Mr. Alexander Williams Mr. G. E. Acquaaah-Arhin Mr. K.B. Oku-Afari Ms. Sena Kudjawu Mrs. Justice Margaret Welbourne	4

Operational Review

2.1. General Review

Being the apex regulator of the capital market in Ghana, the Securities and Exchange Commission (SEC) is charged with the licensing, regulatory, supervisory, market development and advisory responsibilities with the ultimate aim of ensuring a free, fair and transparent securities market in which investors are protected.

To accomplish the above statutory requirements, the Commission put in place a comprehensive programme of both on-site and off-site inspection programme to ensure that licensed and regulated entities complied with the Securities Industry Laws, Rules and Regulations.

Appropriate Departments and Units were also resourced and empowered to carry out the statutory mandates of the Commission which also included provision of appropriate information and education of market operators, policy makers, as well as investors on their respective rights and responsibilities.

Below are details of activities undertaken by the Securities and Exchange Commission during the year under review.

Regulation

During the year, the Commission in consultation with the market drafted, reviewed and approved the following guidelines:

- i. Guidelines for Investments in Commercial Paper
- ii. Guidelines for Registrar operations

The Commission also gave the following approvals as part of its regulatory and oversight responsibility over the market:

- i. Approval of the Ghana Alternative Exchange (GAX) rules
- ii. Approval of Central Securities Depository revised fees

The following documents were also reviewed by the staff of the Commission:

- i. Rules of the GAX - SME Listing Support Fund
- ii. Sections of the Listing Rules of the Ghana Stock Exchange (GSE)
- iii. Sections of the GSE Depository Company Limited rules

The Secretariat also pursued the amendment of the Securities Industry Act which could not be passed by the last Parliament and had to be resubmitted to Cabinet for consideration during the year.

The Legal Department and International Affairs Unit of the Commission also continued to liaise with the IOSCO Verification Team and FINMA, to ensure that Ghana's Securities Laws meet the IOSCO'S MMOU requirements. It is hoped that the Bill will be passed into law in 2014.

Furthermore, the Secretariat of the Commission began the process of drafting a Surveillance Manual and Checklist which would be used for its inspection programme of the Stock Exchange.

Circulars and Notices

A Market Guidance Notice dated 1st November 2013 was issued to managers of Collective Investment Schemes. The circular provided guidelines for investments in foreign jurisdictions by fund managers, who were required to make adequate disclosures about their intentions to invest in foreign jurisdictions to the SEC and in the offer (IPO) document to the public.

Operational Review

Ongoing regulatory and other activities

2.2 Licensing and Approvals

Another major function of the Securities and Exchange Commission is to register, license and authorize operators in the capital market and their representatives, and to control and supervise their activities with a view to maintaining proper standards of conduct and acceptable practices in the securities business. Capital market instruments to be issued or offered to the public are also required to be approved by the Securities and Exchange Commission, in accordance with the law.

During the year, the Commission reviewed and renewed the licenses of two hundred and twenty (220) market operators and their representatives. A few operators such as Computershare Pan Africa Limited did not renew their licenses. Computershare Pan Africa Limited which was the registrar for CAL Bank, Standard Chartered Bank

(both ordinary and preference shares) and Tullow Oil Plc., wound up its business at the end of August 2013, and transferred its registers to GCB Registrars and the GSE Securities Depository. Investors or shareholders of affected equities were accordingly notified.

A request by Black Star Brokerage Limited to have its licence suspended on grounds of inactivity was also granted by the Commission. Although the brokerage firm's licence to operate dates back to 2009, it had never been operational. Another brokerage firm, Constant Capital (Broker-Dealer) Limited did not renew its licence for failure to comply with a re-naming directive from the Commission.

In addition to renewals, the Commission approved 44 applications for new licenses in 2013. The details are given in the table below:

Table 2.1

CATEGORY	NUMBER OF APPLICATIONS	
	Received	Approved
Broker-Dealers	2	2
Investment Advisors (Fund managers)	31	33
Primary Dealers	1	1
Mutual Funds	2	3
Unit Trusts	3	3
Custodians	1	1
Trustees	1	1
Total	41	44

Licences approved include applications received in 2012 made up of 2 investment advisors, and 1 mutual fund.

2.3 Surveillance

In order to ensure the protection of investors, fair, equitable and transparent dealings in securities, as well as reduce systemic risk, the Securities and Exchange Commission undertakes surveillance of Ghana's capital market. This involves regularly reviewing financial statements submitted by market operators, conducting on-site inspections to monitor compliance with securities industry laws and international best practices, taking prompt action to correct violations of the laws, and recommending regulatory enhancements in the light of enforcement problems and monitoring activities.

2.3.1 Surveillance of Publicly held Companies

Publicly-held companies whose shares are traded on the Ghana Stock Exchange are obliged to submit their quarterly, semi-annual and annual financial statements to the Securities and Exchange Commission. Other issuers of public securities not listed on the Stock Exchange are also required to submit their annual financial statements along with other relevant public information.

Attendance at Shareholders' Meetings

As part of its oversight activities, the Securities and Exchange Commission is represented by its staff at the Annual General Meetings (AGMs) of public companies in Ghana. The purpose of this representation is to observe the proceedings of the AGMs and offer guidance. During the year, the Commission received notices for 26 Annual General Meetings (AGMs) of listed companies for the 2012 financial year. The Commission was duly represented at twenty one (21) of these AGMs held in Accra. The Commission was unable to attend five (5) of the AGMs, four (4) of which were

held outside Ghana and one (1) in Takoradi.

2.3.2. Surveillance of Intermediary Institutions

Capital market intermediary institutions such as brokerage houses, fund managers, custodians, registrars and trustees are also required by law to file statutory returns with the Securities and Exchange Commission (SEC). These returns are reviewed by the SEC, and where necessary followed up with on-site visits to the offices of market operators.

Off-site reviews

The SEC received and reviewed returns from market operators during the period under review. The returns reviewed included:

1. Monthly returns

These consist of cash flow statements and a statement of liquid funds. They are submitted by broker-dealers and managers of funds. Broker-dealers also provide a statement of proprietary share holding by dealers, their licensed representatives and staff.

2. Quarterly returns

These include profit and loss accounts, balance sheets, a cash flow statement and a statement of liquid funds. Both broker-dealers and investment advisers submit quarterly compliance reports. In addition, fund managers provide returns on funds under their management. Custodians, trustees and registrars submit operational returns to the Commission.

3. Annual reports

The Annual Report includes audited financial statements, a report of the auditors on the accounts.

4. Daily reports

These are reports on day-to-day trading at the Ghana Stock Exchange. It is submitted daily by the stock exchange to the SEC.

For most part of the year, these statutory returns continued to be manually filed with the SEC. However, in October 2013, the SEC began to accept electronic filing of reports through its Regulatory Compliance Portal (RCP) alongside the manual submission of returns. It is hoped that the electronic filing system will eventually replace the manual system.

2.3.3. Surveillance of Collective Investment Schemes

Collective Investment Schemes are also required by the SEC Regulations (L.I 1695) to submit annual and half-yearly Investors' Reports to the Securities and Exchange Commission. These reports include a manager's statement on the performance of the fund, a statement of assets and liabilities, an income and distribution account as well as comparative tables, in the case of annual reports. During the year under review, the SEC examined the periodic reports and tables of collective investment schemes for compliance with the Regulations.

On-site inspections

Inspections and visits were conducted on fifty-five (55) companies listed below and made up of nine (9) stockbrokers, ten (10) collective investment schemes, thirty-three (33) investment advisers, and three (3) registrars. The assessments were mainly aimed at evaluating compliance with the Securities laws and regulations, while others consisted of orientation, post-offer inspections for new entrants, or winding up inspections for companies exiting the industry.

Companies Inspected:

Broker-Dealers

1. Firstbanc Brokerage Services Ltd.
2. Merban Stockbrokers Ltd.
3. CDH Securities Ltd.
4. SIC Brokerage Services Ltd.
5. GN Investments Ltd.
6. IC Securities Ltd.
7. African Alliance Securities Ltd.
8. Constant Capital (Broker-Dealer) Ltd.
9. SBG Securities Ltd.

Collective Investment Schemes

1. Aggressive Growth Fund
2. Anidaso Mutual Fund
3. EDC Balanced Fund
4. Gold Fund Unit Trust
5. Gold Money Market Fund
6. Legacy Unit Trust
7. My Wealth Unit Trust
8. Richie Rich Unit Trust
9. SAS Fortune Fund
10. Sirius Opportunity

Investment Advisers

1. All-Time Capital Ltd.
2. Apex Capital Partners Ltd.
3. ASN Investment Services Ltd.
4. Belstar Capital Ltd.
5. Cal Asset Management Ltd.
6. Cambridge Capital Ltd.
7. Canal Capital Ltd.
8. Constant Capital Ltd
9. Crystal Capital Ltd
10. EDC Investments Ltd
11. EM Capital Ltd.
12. Gold Coast Securities Ltd.
13. IC Asset Management Ltd.
14. IGS Financial Services Ltd.
15. Inter- Afrique Ltd.
16. Jos Securities Ltd.
17. KP Capital Ltd.
18. Lifeline Asset Management Ltd

19. MAK Asset Management Ltd.
20. McOttley Capital Ltd.
21. Mec Ellis Investment (Gh) Ltd.
22. Met Capital Group Ltd.
23. NDK Asset Management Ltd.
24. New Generation Investment Services Ltd.
25. Newcase Capital Ltd.
26. Prestige Capital Ltd.
27. Regal Alliance Investment Services
28. Soroma Capital Ltd.
29. Tikowrie Capital Ltd
30. Uni-Securities Ltd.
31. Utrak Capital Ltd.
32. Weston Capital Ltd.
33. Worldwide Investment Services Ltd.

Registrars:

1. Computershare Pan Africa Ltd
2. GCB Limited (Registrars)
3. Universal Merchant Bank Ltd (Registrars)

Market operators were found to be generally compliant with the Securities Industry Act, 1993 (PNDCL 333) as amended by the Securities Industry (Amendment) Act, 2000 (Act 590) and the Securities and Exchange Commission Regulations 2003 (LI 1728) and Unit Trust and Mutual Funds Regulations, 2001 (L.I. 1695), guidelines and directives of the Commission. Common infractions uncovered, however, included the following:

- Failure to credit clients' deposits to their accounts
- Non-completion of KYC forms by some clients
- Non-completion of purchase/sales order forms by some clients
- Unavailability of KYC forms for corporate institutions
- Non-preparation of monthly bank reconciliation statements.

The SEC subsequently directed the companies in question to ensure compliance in the deficient areas identified.

2.3.4 Automated Market Surveillance system

Market surveillance entails monitoring market movements through constant real –time watch of the online trading as well as off-line analysis of transactions to detect potential malpractices or breach of regulations. With the help of a newly-installed electronic Market Surveillance System complete with alerts, the Exchanges and Markets Department of the SEC was better able to monitor the stock market in real –time and to take timely action in response to any suspicious trading activity.

2.4. Enforcement

The Securities and Exchange Commission undertook investigative and enforcement actions against various violators of the Securities Act. The following infractions were noted and enforcement action taken as follows:

Failure to meet continuous reporting obligations

Twenty-five (25) licensees were charged penalties of various amounts for late submission of statutory returns and management letters during the year.

Failure to renew licences

Five (5) market operators were also charged penalties for late renewal of their licenses and multiple violation of the Law.

The license of Capital Assurance Company Ltd, a company licensed as an investment adviser by the Commission in 2012, was suspended until further notice. Capital Assurance had breached a number of provisions in the Securities Industry Act and the Companies Act, 1963 (Act 179) for which its license was suspended in accordance with section 62(2) (b) (vi) and (vii) of the Securities Industry Act, 1993 (P.N.D.C.L. 333) as amended.

Cessation of Business

It would be recalled that the Commission issued a directive effective 1st July 2012 that no single firm would be allowed to operate both as a broker-dealer and fund manager. In line with this directive, SDC Brokerage Services Limited, now SDC Capital Limited informed the Commission of its decision to discontinue with its brokerage operations.

The Commission in collaboration with the Ghana Stock Exchange (GSE) took a number of steps to ensure the safe transfer of client assets. By the end of November, 2013 the operator had refunded an amount of Ghc111,119.19 to its clients while an amount of Ghc50,794.51 was still in a Trust Account. The operator had also transferred 868 clients to other brokerage firms. SDC Limited still had 2,346 clients at the Central Securities Depository yet to be transferred. On the other hand, six hundred (600) clients of the former brokerage firm have still not responded to the firm's call or advertisement to pick up their investments. The Commission in collaboration with the Ghana Stock Exchange is taking steps to safeguard the assets of those investors.

The SEC will continue to collaborate with the Ghana Stock Exchange to conduct joint post-winding up inspections in the coming year to ensure that the operator has maintained up-to-date records and safe transfer of its clients' assets.

2.5 Litigation

Three (3) legal suits continued in 2013. Their details are presented below:

a. Daniel Ofori Vrs. Oppong Bio, Ecobank, the GSE and SEC (Suit No. BFS 545/2008)

The Plaintiff on 7th June 2013 filed an appeal at the Supreme Court after the Court of Appeal dismissed its appeal on 6th June 2013 against the Defendants. Records have been settled and the Commission will file its Statement of Case in the Supreme Court at the appropriate time.

b. Seth Ofori vrs. SEC (Suit No. MISC/96/10)– Complaint of Alleged Fraudulent Sale of Mr.Okubanjo's Ecobank Shares

Following a ruling in the above matter to the effect that the Commission should determine the above complaint using Administrative Hearing Committee procedures, it has been decided that both this case and that of SDC Brokerage Services Ltd, Mrs Cecilia Ansah, Charles Ofori vrs. SEC should be consolidated and handled similarly.

c. SDC Brokerage Services Ltd, Mrs. Cecilia Ansah and Charles Ofori vrs. Securities and Exchange Commission (Suit no. Misc/95/2010)

The ruling in this case which was delivered on the 6th day of November, 2013 went against SEC on the grounds inter alia that SEC did not abide by its own internal procedures as set out in the Securities Industry Act as amended. The case has been put before the Administrative Hearing Committee for further determination.

2.6. Investigations

Handling investor complaints and reports on suspicious activities in breach of the securities laws is an important supervisory function of the SEC. During the year under review, the Audit and Risk Management Department initiated investigations into various complaints lodged with the Commission by investors. Majority of the complaints concerned the non-payment of client funds by fund managers and brokers.

The details are as follows:

Table 2.2 Complaints received in 2013

S/N	ISSUE	ACTIONS TAKEN	STATUS	COMMENTS
1.	A client lodged a complaint with SEC on 28 th June 2013, about his unpaid Fan milk dividends for the 2011 and 2012 financial years.	SEC contacted the client's brokers and their affiliated Registrars	Resolved	Client did not supply the correct bank details to the Registrar. This has since been corrected
2.	A client applied to his fund manager on 30 th July 2013 to redeem his investment with them. His request was denied on the grounds that he had authorized the former Chief Executive Officer of the fund management firm to withdraw an amount of money from client's wife's account. The fund manager insisted that the client writes a statement to either confirm or deny that before his investment is redeemed. He refused.	SEC contacted the fund manager to confirm the story. At a meeting held at the Commission with the two parties, the fund manager was advised to pay the client's legitimate entitlements to him unconditionally and deal with their former employee as they deem fit	Resolved	Clients must not suffer for the infractions caused by staff of licensees. All clients' entitlements must be given to them unconditionally.
3.	A broker sold 2,000 EBG shares for a client on 3 rd October 2013, but paid him on 16 th October 2013 even though the money was available on 8 th October 2013. Client then appealed to SEC to compel the broker to take back proceeds and replace his shares.	SEC wrote to the broker to confirm the story. Broker agreed to take back the proceeds and buy back shares for client whenever they become available on the market. Client agreed.	Broker has commenced purchase of EBG shares for its client as they become available on the market.	This is a case of a client who is aware that settlement is done in T+3 days and insisted on that. Client education over the years has begun to show results.
4.	A client sought the SEC's assistance in retrieving his investment from a fund manager.	SEC contacted the investment advisor/fund management firm who explained that it was unable to settle client's liabilities Because the Financial	Unresolved	

S/N	ISSUE	ACTIONS TAKEN	STATUS	COMMENTS
		Intelligence Centre (FIC) had frozen its bank account. When the FIC was subsequently contacted to give an update on the status of the fund manager, it informed the Commission that investigations were still on going and the matter referred to national security. Meanwhile, SEC has suspended the license of the investment adviser/fund manager.		
5	A married couple reported an investment adviser / fund manager for giving them cheques which were dishonoured by the bank when they tried to redeem their investment with the fund manager.	Fund manager agreed to the request of redemption and presented new cheques to the couple, which have since been honoured.	Resolved	
6.	A client complained to the Commission on 11 th January 2013 that his investment adviser/fund manager had refused his request to redeem his investment. The bank dishonoured the cheque that was eventually presented to him by the fund manager.	The Fund manager admitted that it had some challenges paying proceeds of the investment because the client was choosing to liquidate the investment before its maturity. A new cheque was presented to the investor, which cleared.	Resolved	
7.	A client requested the intervention of SEC in withdrawing his investment of Gh¢2, 219.21 from a fund manager who had delayed his request for a	When contacted, the fund manager explained that the said transaction took place in Kumasi, but only the Accra branch of the organisation was	Resolved	SEC would have to develop guidelines on branch activities to ensure that

S/N	ISSUE	ACTIONS TAKEN	STATUS	COMMENTS
	refund on the grounds that they had to do a valuation first.	authorized to make payments and that only after proper valuation had been done. It however agreed to pay the client as directed.		inadequacy of systems at the branch level does not affect the rights of the investor.
8.	A client sought SEC's help in securing a GH¢100 refund due her with interest from a broker as a result of the over-subscription of CAL Bank shares that she had bought in 2004. According to her, she had been trying to retrieve her money from the broker since November 2010.	The broker argued that it had already settled the bill with its client, to which the client disagreed. The broker was unable to prove the refund to the client and was directed to pay the client. The client however refused to take the GH¢100.00 refund and insisted on interest payments from 2004. At a meeting with the parties on 23 rd November 2013, the broker offered to pay the interest from November 2010 when the client was first refused the refund. However, the client insists refund with interest from 2004.	Unresolved in the light of her refusal to accept the offer.	The broker refuses to pay the full interest because it made a publication in the Daily Graphic in 2004 requesting investors to come for a refund. The broker argues that since the client did not respond to that initial publication but waited until 2010 to show up for her money, it will only pay her from November 2010, which is when she turned up for the money.
9.	A group of aggrieved investors of the US Group of Companies lodged a complaint with the SEC on 21 st October, 2013 to help them retrieve their investments with the company as well as	The SEC paid a visit to the US Group of Companies and realized that they were doing banking operations. The SEC therefore wrote to the Banking Supervision	Unresolved	Matter pending at the Bank of Ghana.

S/N	ISSUE	ACTIONS TAKEN	STATUS	COMMENTS
	investigate the operations of the Company	Department of the Bank of Ghana to handle the complaint.		
10.	An investor complained to the Commission that her 39,592 CAL Bank shares has been recorded as 34, 143 by the Registrar, Computershare Pan African Ghana Limited (Computershare).	SEC contacted Computershare who stated that the lower figure was what could be reconstructed from data obtained from NTHC Registrars, who were the former Registrars of CAL Bank. Upon further examination of the account of the shareholder with records from GSE Depository and other sources, enough information was gathered for Computershare to agree to register the full 39, 592 CAL Bank shares in her name.	Resolved	The SEC is to issue Guidelines for Registrars to forestall such complaints.

The Commission also received several calls from the public on its toll-free line over the year. Callers generally sought information and consultancy on capital market investments, and capital market operators.

The SEC toll-free line is **080010065**.

2.7 Anti-Money Laundering/Combating the Financing of Terrorism

Since October 2010, the Securities and Exchange Commission has taken on the additional role of preventing and detecting all forms of money laundering and terrorism financing activities in Ghana's capital market. Over the past year, the Commission embarked on several initiatives aimed at building the capacity of its market operators in the area of Anti-Money Laundering and Combating the Financing of Terrorism. These initiatives included the following:

1. Workshop on AML/CFT for Anti-Money Laundering Reporting Officers(AMLROs)

A one-day Workshop on Anti-Money Laundering/Combating the Financing of Terrorism and Compliance (AML/CFT) was held for anti-money laundering reporting officers (AMLROs) of capital market operators. The objective of the workshop was to provide AMLROs with greater insight into AML/CFT Compliance.

The workshop was a follow-up to the one-week training program organized for capital market operators in collaboration with Financial Intelligence Centre and the Intergovernmental Action Group Against Money Laundering in West Africa (GIABA) in 2012.

2. AMLROs Forum

In collaboration with the Financial Intelligence Centre (FIC), the Commission also launched a forum for AMLROs of capital market operators. The purpose of the forum was to address the concerns of the AMLROs in the discharge of their duties with regard to AML/CFT Compliance. The Forum addressed issues such as the freezing of accounts, investigation of account holders and dealing with requests from FIC to help track clients with suspicious transactions.

3. AML/CFT Compliance Examination Of CMOs

During the year under review, the Commission also developed an onsite inspection program to be used in the examination of its capital market operators. Five (5) capital market operators were inspected for compliance with the Anti- Money Laundering Act, 2008 (Act 749), the Anti-Money Laundering Regulations, 2011 (LI 1987) and the Anti- Terrorism (Amendment) Act, 2012 (Act 842), SEC's AML/CFT Compliance Manual for Capital Market Operators (CMOs) and the Financial Action Task Force's (FATF) forty recommendations. Capital market operators visited were Chapel Hill Denham Securities Limited, Databank Brokerage Limited, Databank Asset Management Limited, Gold Coast Securities Limited and GN Investments Limited.

Issues raised as a result of these examinations included:

- i. Non-availability of a board- approved AML/ CFT Compliance Program which should guide employees of Capital Market Operators (CMOs) in carrying out identification and verification of clients.
- ii. No independent testing of the Compliance Program to ensure that the program is adequate and effective in preventing, detecting and responding appropriately to AML/CFT risks.
- iii. Non-classification of clients into low, medium and high-risk to ensure appropriate monitoring of client activities.
- iv. No AML/CFT education and training plan for staff. Due to the importance of AML/CFT issues and the possibility of being black-listed for noncompliance, annual training programs are expected to be drawn up and followed by all accountable institutions.
- v. Poor record keeping of client information. Client information is to be kept for a minimum of seven years after the last transaction. Adequate records must be kept on clients including records on Politically Exposed Persons (PEP).
- vi. Non availability of contingency plans for disaster recovery. CMOs must be able to restart their operations within a reasonable time after a disaster has occurred.
- vii. Most CMOs were not undertaking transaction monitoring procedures. These are procedures to ensure that suspicious transactions are detected quickly so that Suspicious Transaction Reports (STRs) can be submitted to the FIC for further action.

2.8. Market Development

Another important function of the Securities and Exchange Commission is creating the necessary atmosphere for the orderly growth and development of the capital market. This is achieved through policy research and analysis, monitoring of potentially significant market developments, investor education and general public relations. During the year 2013, the Commission undertook the following market development activities:

Workshop on 5-year Strategic Plan

The Securities and Exchange Commission held a workshop for market operators of the securities industry on February 22, 2013. The workshop was to present to market operators the 5-year strategic plan of the Commission which had been developed with input from market operators and was expected to be the blueprint for developing the capital market in the next 5 years.

Public Education

The Commission continued to sensitize, educate and provide relevant information to key stakeholders with a view to developing and deepening the capital market in Ghana. While it maintained its traditional outreach programs such as the yearly Capital Market Week, it also introduced new, innovative ways of widening its audience bracket. One of such novel programs was the “Evening with SEC series”.

The following provides details on SEC’s public education initiatives for the year 2013:

Publication of Quarterly Newsletters:

The Commission continued to publish and distribute quarterly newsletters to its stakeholders to keep them abreast with developments at SEC and in the capital market.

Capital Market Week

The Capital Market Week was held from 4th to 10th May 2013 under the theme “The Capital Market: A key to Economic Growth and Development.” It was organized in collaboration with the Ghana Stock Exchange and the Ghana Securities Industry Association. Activities included a media launch, a workshop for the Association of Ghana Industries, symposia in various 2nd Cycle Institutions and a health walk, - all of which were aimed at raising awareness about the capital market among the general populace. The climax of the week was a 2-day Conference, the first-ever to be held in Ghana, which brought together industry participants, policy-makers, think tanks and regulators from Nigeria and Kenya to discuss ways of developing Ghana’s capital market. The week was closed with a Dinner-Dance at the Mövenpick Ambassador Hotel in Accra.

Child Finance Day

With collaboration from market operators, the Commission initiated a plan to encourage the formation of investment clubs in second cycle institutions in the country. A Child Finance Club with a child friendly web portal (www.childfinanceclubghana.org) was created to enable children learn and interact online with the rudiments of investment. In line with this, a Child Finance Day was also held as part of activities to mark the Capital Market Week 2013. It was organized in collaboration with the Youth Investor Network under the auspices of the HFC Bank Enidaso Account. Another first of its kind, the Child Finance Day consisted of symposia aimed at educating students of junior and senior high schools on the benefits of savings and investments. One thousand, eight hundred and fifteen (1,815) students from eight (8) different schools benefitted from the program.

An Evening with SEC Programs

SEC's Evening with GREDA:

This was the first in a series of programs dubbed "An Evening with SEC". The aim of the evening's event was to create awareness about financing opportunities available on the capital market to members of the Ghana Real Estate Developers Association (GREDA) under the sponsorship of Graphic Business Newspaper.

SEC's Evening with CEOs and CFOs:

The second in the "Evening with SEC" series was held with Chief Financial Officers and Chief Executive Officers of listed companies. The purpose of the evening was to discuss disclosure requirements in financial statements so as to facilitate regulatory compliance. The event provided a forum for senior executives of listed companies to also voice their concerns and challenges with reporting requirements prescribed in the law.

SEC's Meeting with Auditors:

As regulator of the capital market, the Securities and Exchange Commission has oversight responsibility of audit activity within the capital market. To this end, the Commission met with auditors of listed companies and licensees of the SEC to discuss the presentation and disclosure of information in the financial statements of these companies. Thirteen (13) Auditing Firms were represented at the meeting.

The auditors were asked to help companies make good disclosures in their annual reports and play a watch dog role in protecting the interest of the investor.

Compliance and Capital Market Forums

The SEC continued to hold its biannual compliance and capital market forums with market operators. The forums provide an important platform for mutual exchange of ideas on market development and operational efficiency.

2.9 Information Communication and Technology

During the year, SEC provided training to its staff and those of its market operators on the use of the electronic Regulatory Compliance Portal. The web portal which was developed and installed by Infotech Global PTE of Singapore with funds from the World Bank under the Economic Management Capacity Building project of the Ministry of Finance is to eventually replace the current manual system of report filing.

An automated Market Surveillance System which was installed as part of this Information Technology package is also being used by the Commission to monitor trading and detect market abuses in real time. Despite initial teething problems which the Commission is working hard to resolve, the electronic surveillance system has greatly enhanced the Commission's capability to supervise the market and provide a level playing field for all market participants.

2.10 Human Resource and Administration

Staff Position

The total staff strength of the Securities and Exchange Commission was 57 at the close of 2013.

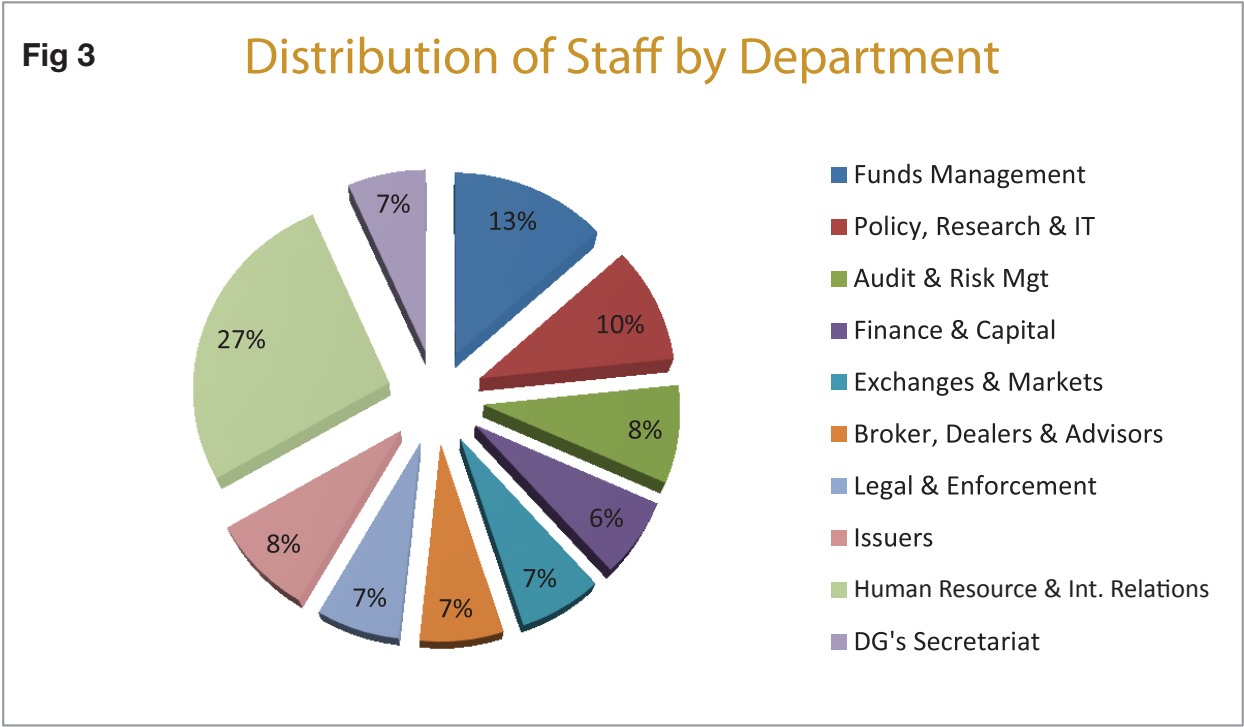
New Employees

During the year under review, fourteen (14) permanent staff at various grades and one (1) temporary member of staff were employed made up of eight males and seven females.

Resignations

Three (3) staff members made up of a Deputy Chief Manager, a Senior Manager and an Assistant Manager resigned from the Commission during the year.

The Commission is made up of eight operational departments and two central departments: the Director- General’s Secretariat and the Human Resource and International Relations which is also responsible for general administration. The chart below indicates the distribution of staff among the departments of the Commission.



Staff Training and Development

During the year under review, staff of the Commission underwent various training in relation to regulation, supervision and development of the capital market. The training was based on the Commission’s training program drawn for the year and derived from the five-year Strategic Plan of the Commission. Staff was also exposed through local and international workshops to emerging trends in capital market regulation. Key training areas included:

Implementation of IOSCO principles and Enforcement

International Financial Reporting Standards

Anti-money Laundering and Counter-financing of Terrorism

Risk-based Supervision and Detecting market fraud

Stock Derivatives

Consumer Financial Education

Trading book issues and market infrastructure

Risk Management

Corporate Governance

2.11 International Relations & Cooperation

The West African Capital Market Integration Council (WACMIC) was officially inaugurated at the ECOWAS Commission, Abuja, Nigeria on January 18, 2013. The inaugural ceremony was attended by Heads of Securities and Exchange Commissions and Stock Exchanges in Nigeria, Ghana, Sierra Leone and the Bourse Regionale des Valeurs Mobilières (the single stock market of eight francophone West African states).

Council members signed the Charter and promised to commit resources and personnel to the capital markets integration plan of the sub-region. On its part, the ECOWAS Commission pledged to support the integration efforts of the Council.

Economic review

An overview

The Ghanaian economy suffered major setbacks in 2013 in virtually all key areas of the country's macroeconomic fundamentals. Shortage of electricity supply, rising cost of energy, labour unrest and government expenditure overruns, among other factors, combined to produce significant down turns in the country's key macroeconomic indicators. Consequently, there were significant macroeconomic management challenges in the areas of high fiscal and current account deficits, increase in the rate of inflation, decline in the rate of economic growth, increase in the stock of public debt which climbed to 53.5% of GDP during the period. With the exception of a few sectors, these developments generally impacted negatively on the real sectors of the national economy. The services sector declined from 11.0% in the previous year to 8.9% in 2013. Similarly, industry declined from 11.0% to 7.0%, with the agriculture sector growing from 2.3% to 5.2% over the same period. These developments ended the year with a GDP growth rate of 7.1 percent as against 8.8% recorded for the preceding year.

The middle of 2013 was also characterized with increased volatility in global financial markets thus reducing external funding into the economy amidst a sharp decline in international commodity prices causing the Ghanaian cedi to depreciate by 16% against the US dollar. This was also revealed by a high demand for foreign exchange by large, formal and informal sectors as against dwindling export earnings. Although the foreign exchange market was marginally boosted by purchases from banks of Ghana Government bonds, particularly inflows from the 3-year and 5-year bonds, as well as the proceeds from the Euro Bond issued during the year. The gains could not offset the impact of the higher demand for foreign currency therefore causing the cedi to depreciate on the interbank market during the period.

During the year under review, inflationary pressures persisted resulting in double digit inflation above the single-digit targeted by the monetary and fiscal authorities. High government spending resulting in the widening of the budget deficit to 8.4 percent of GDP, fuel price hikes and government's response to increased salary demands combined to push the average rate of inflation from 9.1 percent in 2012 to 11.65 percent, thus breaching the monetary policy target of $9\% \pm 2$ in Consumer price inflation for 2013.

In the reporting year, the overall balance of payments deficit stood at US\$1.2 billion. This was mainly due to deterioration in the current account which widened to US\$5.7 billion from US\$4.9 billion recorded in the corresponding period of 2012, representing a deficit increase of 13.2% of GDP compared to 12.2% of GDP in 2012. This was as a result of deterioration in net transfers. Net international reserves declined to USD\$2.1 billion by end December 2013, translated into less than one (1) month of import cover.

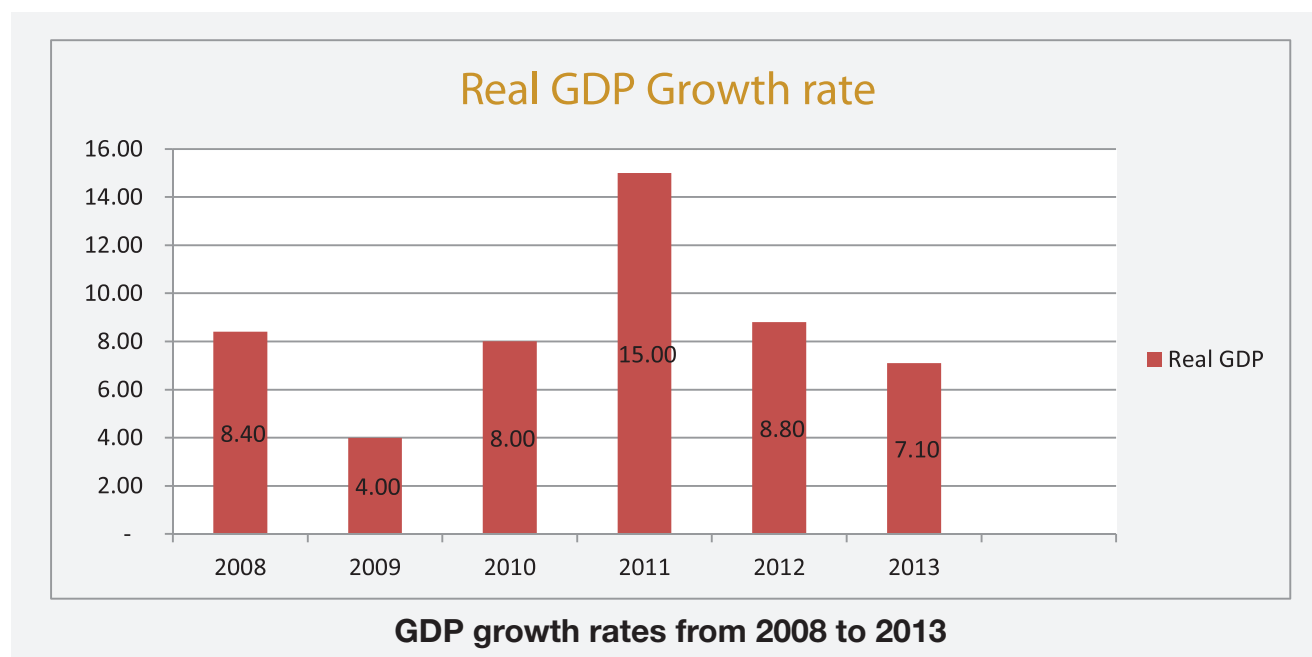
Merchandise exports amounted to US\$13.8 billion, compared to US\$13.5 billion in the previous year. Earnings from gold fell to US\$5 billion from US\$5.6 billion, while exports of cocoa beans also declined from US\$2.2 billion to US\$1.6 billion, due to lower export volumes.

The value of imports was US\$17.6 billion compared to US\$17.8 billion in 2012. Oil imports went up by 6.6 per cent to US\$3.6 billion, while non-oil imports declined by 2.7 per cent to US\$14.1 billion.

Real sector performance

The Gross Domestic Product (GDP) report released by the Ghana Statistical Services in April 2014 indicated the real GDP growth rate at 7.1 percent, lower than a projected growth of 8.0 percent and the 2012 growth of 8.8 percent.

Fig 3.1



Agriculture sector

The Agriculture Sector during the year under review only recorded some marginal gains in its subsectors. The entire sector grew by 5.2 percent in 2013 due to a 5.3 percent growth in Livestock, 5.9 percent growth in Crops and 5.8 percent growth in Fishing. There was no growth during the year in the Forestry and Logging sub-sector. This was attributed to lack of investments in re-forestation activities during the period. Though the results show an improvement in the growth of the Agriculture sector compared to 2012 (2.3%), its contribution to the economy (GDP) continued to decline, with its share reducing from 22.7 percent of GDP to 21.3 percent.

Industry sector

The industry sector, which is the second largest in the economy with a share of 28.6 percent, recorded a reduction in growth rate from 11 percent in 2012 to 7 percent in 2013. The mining and quarrying, and construction subsectors recorded an increase in their growth rates of 9.8 percent

and 11.8 percent respectively. Nonetheless, the rate of change was marginal hence the impact did not influence the entire sector.

The Crude Oil Subsector recorded the highest growth in 2013, this stood at 8.1 percent. Without Crude Oil, the GDP (now called “Non-Oil GDP”) growth rate declined from 7.9 percent in 2012 to 6.5 percent in 2013.

Service sector

Services remain the largest sector, contributing about half (49.5%) to GDP in 2013. The growth rate however decreased from 11 percent in 2012 to 8.9 percent in 2013. The information and communication and insurance activities subsectors recorded the highest growth rates of 24.7% and 23.2% among all the other subsectors. The average growth rate of the main drivers of the sectors stood at 9.43%.

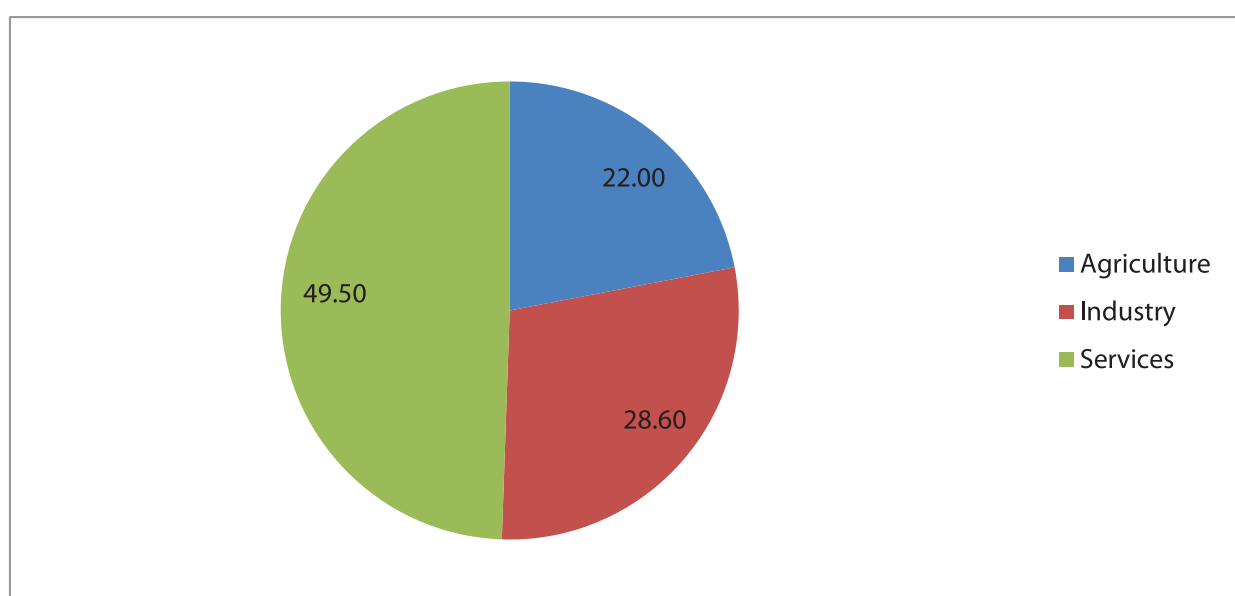
Economic activity chart

2011-2013 (Using basic prices)

Activity	2011	2012	2013
	Percent		
AGRICULTURE	25.3	23	22
Crops	19.1	17.3	16.9
Cocoa	3.6	2.6	2.2
Livestock	1.8	1.6	1.5
Forestry and Logging	2.8	2.6	2.2
Fishing	1.7	1.5	1.4
INDUSTRY	25.6	28.6	28.6
Mining and Quarrying	8.4	9.5	9.8
Crude oil	6.7	7.8	8.1
Manufacturing	6.9	6.4	5.8
Electricity	0.5	0.5	0.5
Water and Sewerage	0.8	0.7	0.6
Construction	8.9	11.5	11.8
SERVICES	49.1	48.4	49.5
Trade, Repair of Vehicles, Household Goods	5.9	5.3	4.9
Hotels and Restaurants	5.4	4.7	4.3
Transport and Storage	10.7	10.9	11.2
Information and Communication	1.8	2.2	2.4
Financial Intermediation	4.4	4.8	6.5
Business, Real Estates, and others	4.6	4.6	4.4
Public Administration & Defence; Social Security	7.0	6.8	6.9
Education	4.1	4.3	4.2
Health and Social Work	1.3	1.3	1.2
Other Community, Social & Personal Services Activities	3.9	3.5	3.4
Gross Domestic Product at basic prices	100	100	100

Distribution of Gross Domestic Product from 2011-2013

Source: Ghana Statistical Service, 2014 Budget Statement and economic policy, and World Bank Group report on Ghana.

Fig 3.3 Contribution of the sectors to GDP from 2011-2013**Fig 3.4 Percentage of shares of the economic sectors to GDP in 2013**

Inflation Rate

Inflation has been on an upward trend since the beginning of 2013 exceeding the single-digit from January through October 2013. Inflation rose persistently from 10.1 percent in January 2013 to 11.8 percent in July. In August, however, inflation dropped slightly to 11.5 percent before rising again to 13.2 percent in November.

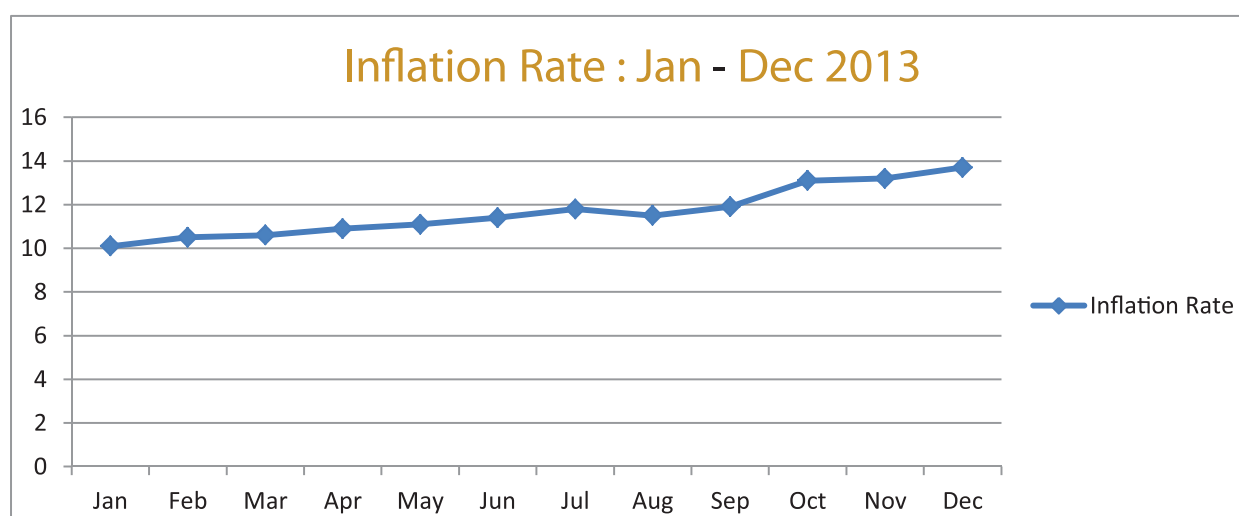
During the period under review, the Ghana Statistical Service rebased the Consumer Price Index (CPI) and revised the CPI basket in May 2013 to reflect current price developments.

The new Consumer Price Index (CPI) measures the change over time in the general price level of goods and services that households acquire for the purpose of consumption, with reference to the price level in 2012, the base year, which has an index of 100.

The new CPI basket coverage increased from 40 to 42 markets; the number of items from 242 to 267; the weight of food and non-alcoholic beverages reduced from 44.9 percent to 43.6 percent; the weight of transport was revised upwards from 6.2 percent to 7.2 percent; and the weight of the Housing, Electricity, Water and Gas component was revised upwards from 7.0 percent to 9.5 percent.

Non food inflation contributed to the high growth trend during the year. The increase in inflation in 2013 was influenced primarily by the pass-through effect of fuel and utility price increase and demand pressures.

Fig 3.5



Source: Ghana Statistical Service and MoF

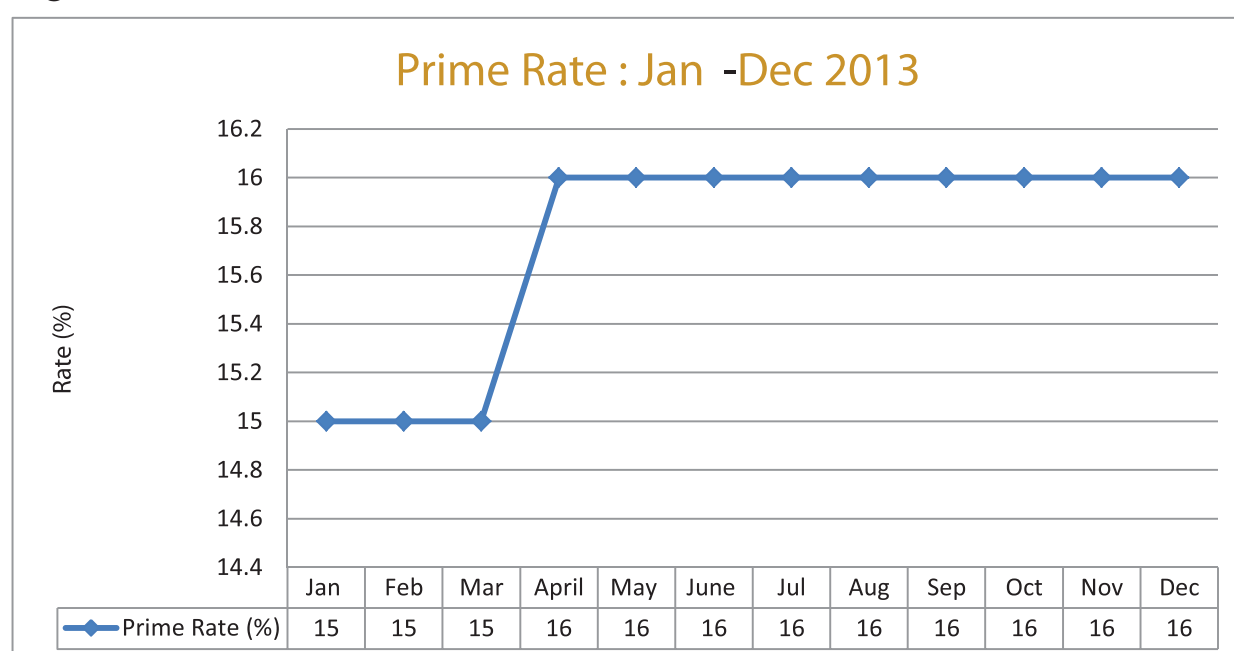
Interest Rates

In response to high inflationary pressures, the Bank of Ghana's monetary policy rate was raised by 1 percentage point in April 2013 to 16% by the Monetary Policy Committee in its response to developments in macroeconomic fundamentals. However, at its September 2013 meeting, the Monetary Policy Committee kept the prime rate at 16%.

In the money market, the 91-day Treasury bill rate, the 2-year note and the 5-year bond closed September at 23.1, 23.0 and 23.0 percent, respectively, the same level as in December

2012. The 182-day bill, the 1-year note and the 3-year bond, however, declined by 0.1, 0.4 and 1.8 percent to end September 2013 at 22.9, 22.5 and 19.2 percent, respectively. The weighted average interbank rate declined to 16.7 percent from 17.5 percent in December 2012. Similarly, average lending rates of the banks declined marginally to 25.6 percent in October 2013, from 25.7 percent in December 2012. The average rate on 3-month term deposits remained unchanged at 12.5 percent, narrowing the spread marginally to 13.1 percent in October 2013, compared with a spread of 13.2 percent in December 2012.

Fig 3.6



Exchange rates

The foreign exchange market experienced intense volatility coupled with rapid depreciation of the currency during the period under review. Developments in the domestic foreign exchange market were characterized by large formal and informal sector demand for foreign exchange against declining export earnings.

Over the review period, the Ghana Cedi depreciated by 4.12 percent, 9.97 percent and 14.1 percent against the US dollar, the pound sterling and the Euro, respectively, compared with depreciations of 17.9 percent, 14.1 percent and 13.1 percent over the same period in 2012.

Capital Market Review

Global Capital Markets

The financial crisis of 2007-2009 continues to have profound and lingering effects on the world's financial markets. Although there have been signs of recovery across various capital markets, growth has not reached its pre-crisis levels. Annual growth in global financial assets averaged 7.9% from 1990 to 2007, but has now slowed to a feeble 1.9% since the crisis.

Cross-border capital flows which reflect the degree of integration in the global financial system have equally seen a decline since the crisis. Not only have they experienced a contraction of 60% post-crisis, but also a re-direction to emerging and developing economies, resulting in an increase in the latter's share of global capital inflows from 5% in 2000 to about 30% in 2013. A large proportion of these capital inflows are also made up of foreign direct investment, the most stable type of flow. Against this backdrop, Africa's equity markets performed strongly in 2013, matching or even outperforming their developed and emerging market counterparts. The MSCI Frontier Markets Africa (ex-South Africa) Index surged 10.28% in 2013, while the MSCI Emerging Markets Index fell 1.44 percent in the same year.

Much of Africa's strong stock market performance could be attributed to insurance and pension reforms as well as significant growth in sector-specific industries such as cement, telecom and retail, buoyed by an exploding consumer base. Among the top performing African countries were Malawi, Ivory Coast, Ghana, Nigeria and Kenya, with year-to-date US dollar-adjusted returns ranging from 44.0% to 62.4%. The table below presents the performance of thirteen (13) African stock exchanges in 2013:

Table 4.1

African Stock Market Performance

US Dollar-Adjusted Returns
as at December 31, 2013

Market Index	Annual Return
Botswana Stock Exchange	8.0%
Bourse Régionale des Valeurs Mobilières	45.5%
Dar es Salaam Stock Exchange	25.4%
Ghana Stock Exchange	44.8%
Johannesburg Stock Exchange	-9.3%
Lusaka Stock Exchange	31.6%
Malawi Stock Exchange	62.4%
Nairobi Securities Exchange	43.7%
Namibian Stock Exchange	-2.6%
Nigerian Stock Exchange	44.6%
Stock Exchange of Mauritius	21.8%
Uganda Securities Exchange	33.2%
Zimbabwe Stock Exchange	32.6%
S&P 500	29.6%

Source: www.investinginafrica.net

Developments in Ghana's Capital Market

Ghana's capital market continued to thrive in 2013 despite challenges in its domestic macroeconomic environment. The stock market registered one of its best performances in recent years, with an annual return of 78.81% in local currency (cedi) terms, and a US dollar-adjusted return of 44.8%. Apart from government securities issued on the primary market, the bond market generally remained dormant and undeveloped due to various reasons including fiscal imbalances in the

macro-economy which made investment in short-term money market securities more attractive in terms of yield than long dated securities. Cost of borrowing by the corporate sector through bond issuance therefore became prohibitive and unattractive. The fund management industry however witnessed tremendous growth and activity in the course of this reporting year.

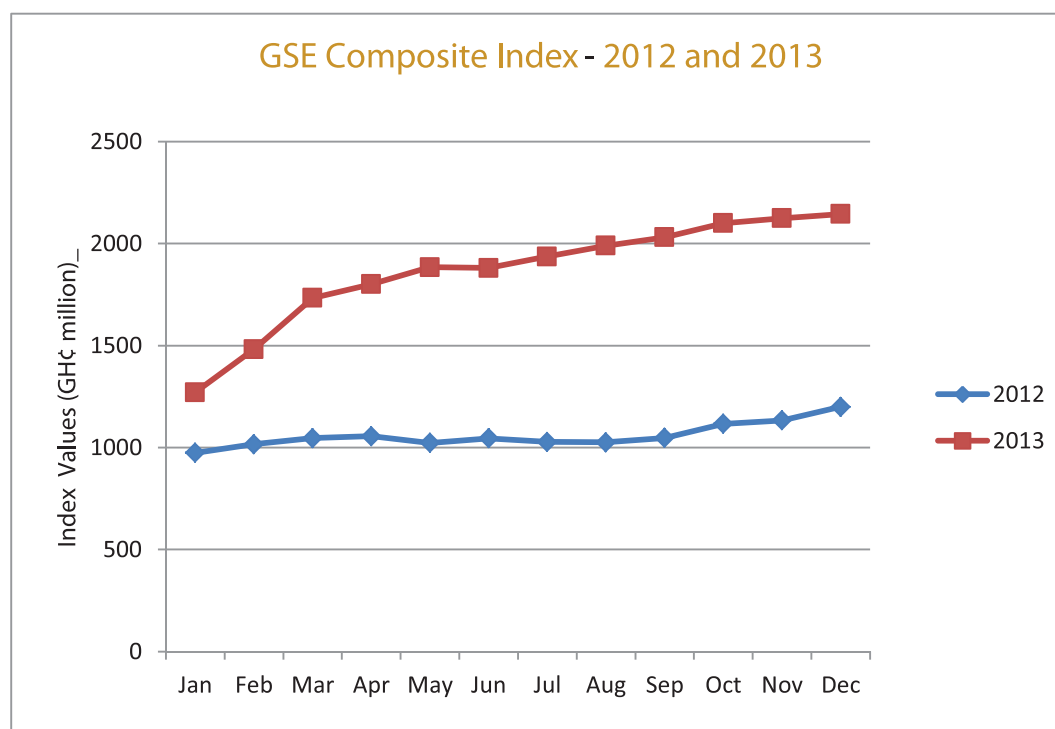
Stock Market review

Ghana has been lauded as one of Africa's best performing stock markets in 2013. The market witnessed improved activity and sustained investor confidence largely due to the participation of second tier private pension funds and the impressive quarterly earnings posted by listed companies during the year. Closing the year with a Ghana Stock Exchange Composite Index (GSE-CI) value of 2,145.20, the Accra bourse returned a 44.8% and 78.8% profit respectively to investors in Dollar and Cedi terms. This compares favourably with last year (2012) when the market only returned 23.8% in Cedi terms to investors. The GSE Financial Stock Index (GSE-FSI) which measures the performance of financial stocks on the market also posted an annual index return of 72% compared with 20% in 2012.

Total volumes and value traded were significantly higher in 2013 than in 2012. Total value went up by as much as 346.3% from 2012 to 2013, while total volume went up by 43.5%. However, the gains of the stock market were partly eroded by the 23.4% depreciation rate in the cedi, from January to December 2013. Interest rates remained relatively high albeit falling in 2013, from 23% at the beginning of the year to 19.2% at year end. Inflation, which had also been well controlled from the end of 2010 through 2011 and 2012, went back up into double digit figures in 2013, recording 13% in November of the same year.

Twenty (20) of the thirty seven (37) listed equities witnessed price appreciation whilst eight (8) recorded losses by the end of the year. Nine (9) equities on the stock exchange traded flat throughout the period, meaning that they did not record any price change throughout the year.

Fig 4.1



Market Capitalization

Market Capitalization which is the total number of listed shares multiplied by their market price at the end of the year, rose by 6.8% from GH¢57 billion in 2012 to GH¢61 billion in 2013. However, in domestic terms, domestic capitalization grew from GH¢6.62 billion in 2012 to GH¢11.7 billion in 2013, an increase of 76.7%. This was as a result of an average increase in the prices of stocks listed on the market.

The petroleum sector, led by Tullow Oil, held the greatest share (51.9%) of the total market capitalization of the GSE. It was followed by the mining sector with 24.3%, and the financial sector with 12.6% of the total market capitalization.

Fig 4.2



Volume and Value traded

Total volumes and value traded were significantly higher in 2013 than in 2012. Total value went up by as much as 346.3% from 2012 to 2013 to record GHC 456 million, while total volume traded increased by 43.5% to record 313 million shares at the end of the year.

Twenty seven (27) out of the thirty seven (37) equities listed on the exchange traded actively

whilst six (6) equities recorded fewer than 10 trades during the year. The financial sector emerged the most actively traded sector on the exchange with 82% of total trades in 2013, followed by the distribution sector with 8% and the food and beverage sector with 5% share of total traded equities.

Fig 4.3

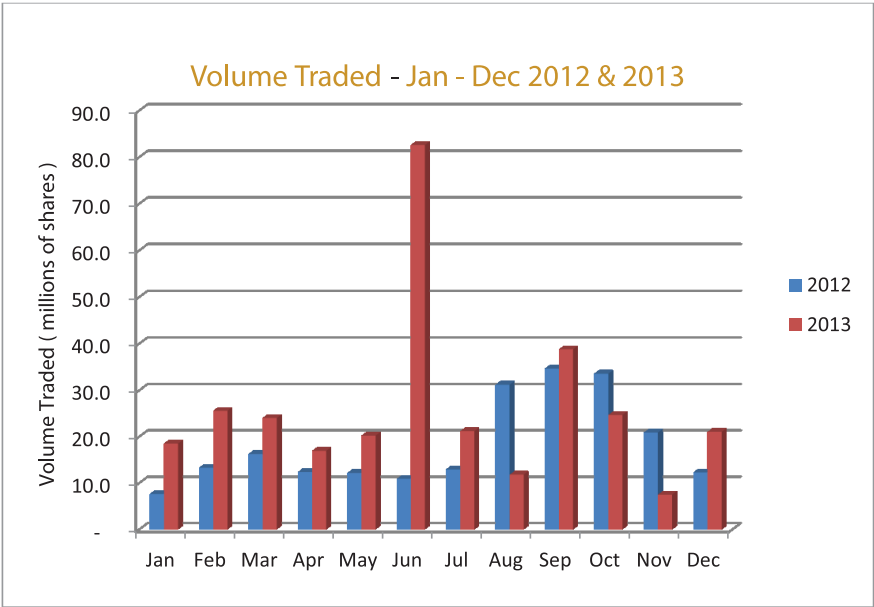


Fig 4.4

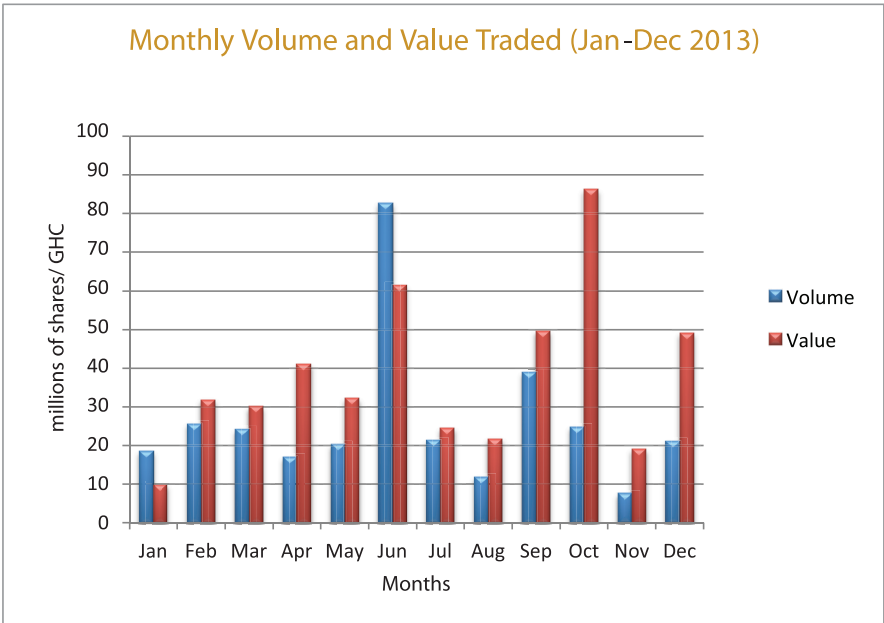
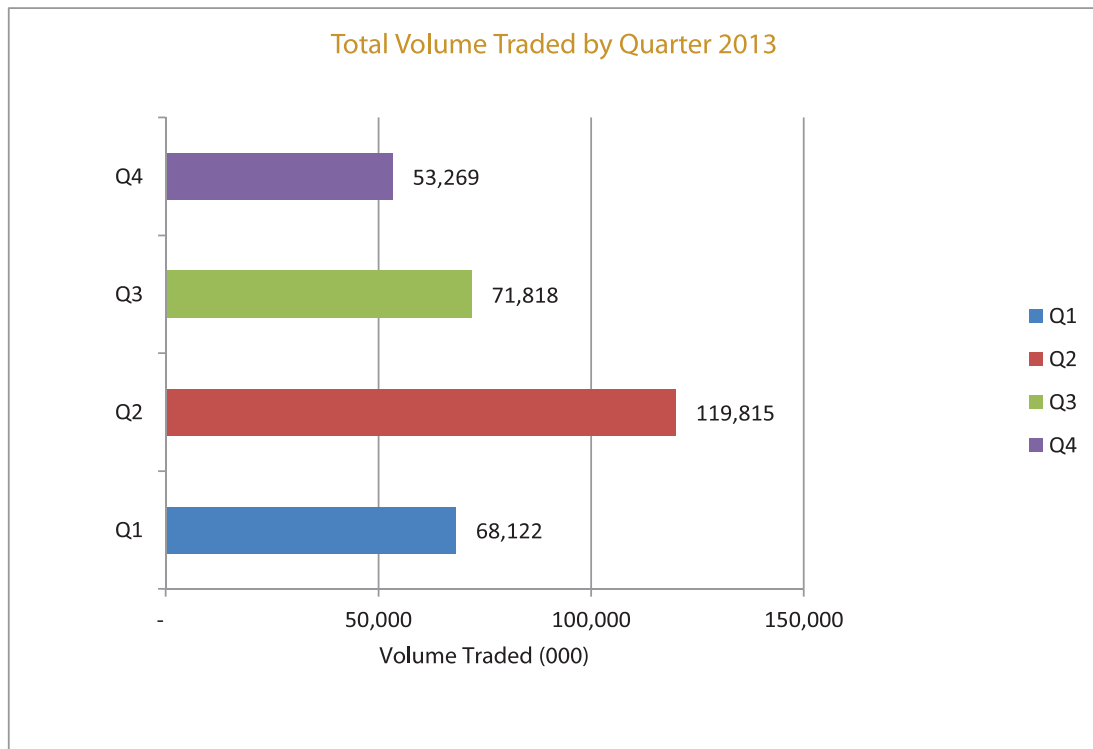
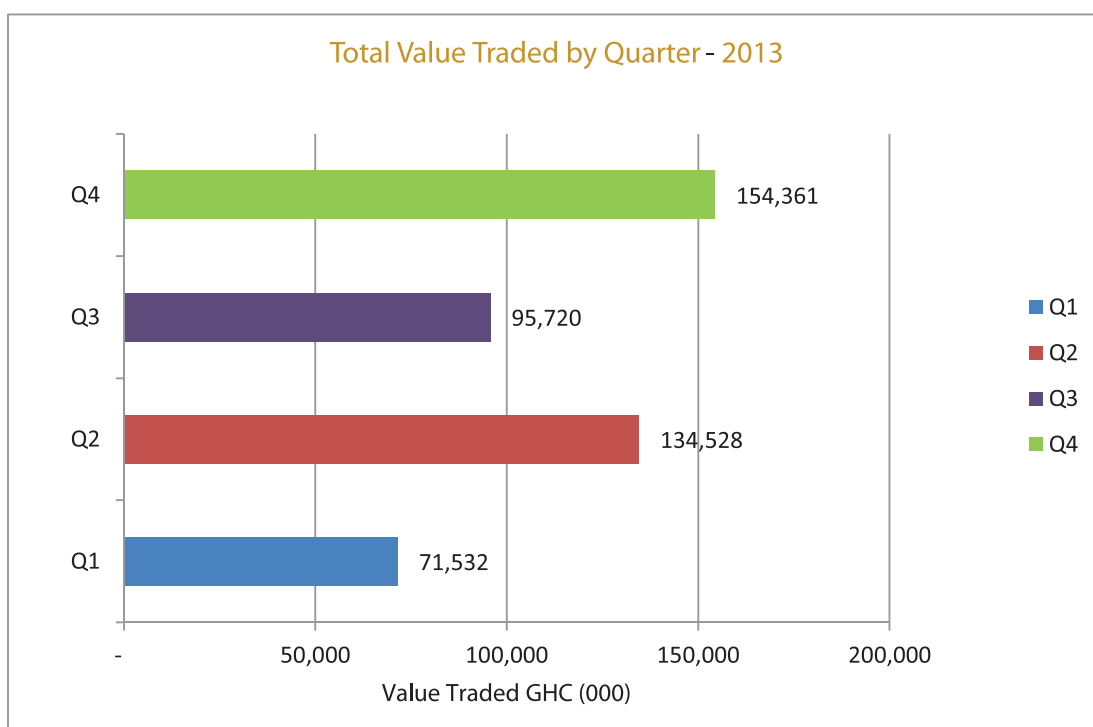


Fig 4.5**Fig 4.6**

Market Performance by sector

Trading activity on the stock market was dominated by the financial sector which led with 256 million shares, representing 82% of the total shares traded on the market. It was followed by the distribution sector with a total of 24 million shares representing 8% of the market, and the food and beverage sector with 5% of the total market volume.

When ranked by value traded, the financial sector again led with 273 million Ghana cedis, representing 60% of the total value traded. The food and beverage sector came in second with 18%, followed by the manufacturing sector with 13% of the total value traded.

The least active sectors both in terms of volume and value traded were the mining, agriculture, and Information, Communication and Technology (ICT) sectors.

Table 4.2

Sectoral distribution of trades – January to December 2013

Sector	Volume Traded	Value Traded GH¢	No of Trades
Financial	256,345,933	273,499,516.23	22,826
Distribution	24,997,171	32,833,388.14	4,890
Food & Beverage	16,642,490	83,531,619.47	2,836
ICT	128,200	4,728.00	36
Manufacturing	13,836,248	61,252,256.87	1,760
Mining	86,173	2,048,900.69	910
Agriculture	981,614	2,776,868.08	879
Exchange Traded Fund	6,483	193,378.46	14
Total	313,024,312	456,140,655.94	34,151

Table 4.3

Sectoral distribution of trades – January to December 2013

	% of Volume	% of Value	% of Trades
Financial	82	60	67
Distribution	8	7	14
Food & Beverage	5	18	8
ICT	0	0	0
Manufacturing	4	13	5
Mining	0	0	3
Agriculture	0	1	3
Exchange Traded Fund	0	0	0
Total	100	100	100

Fig 4.7

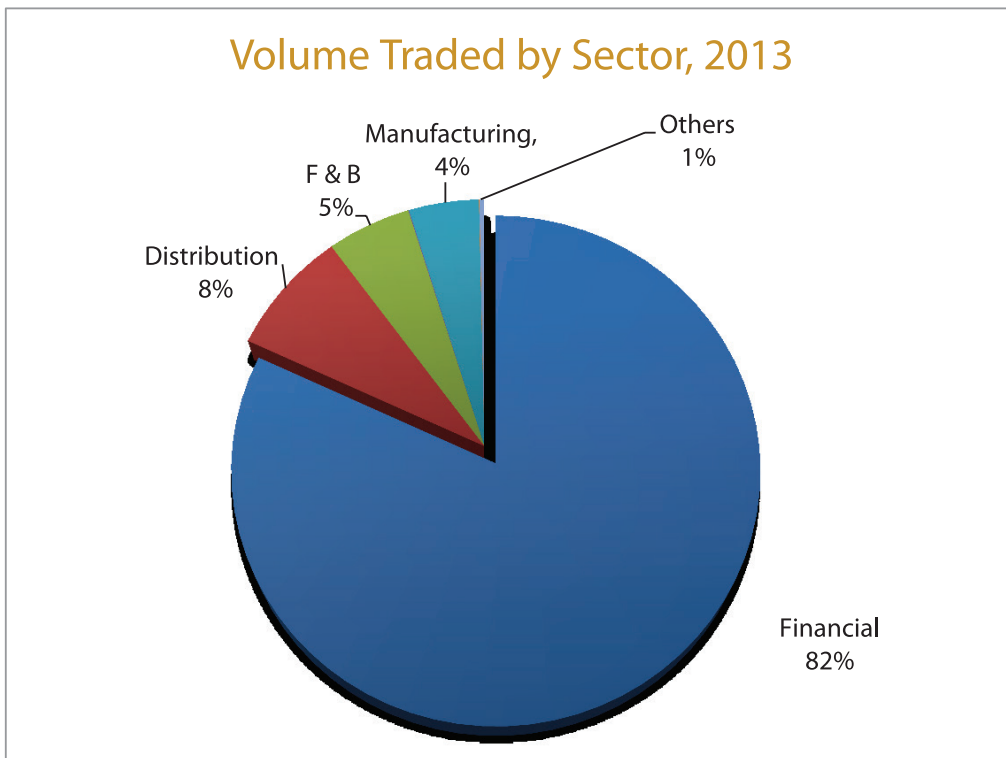
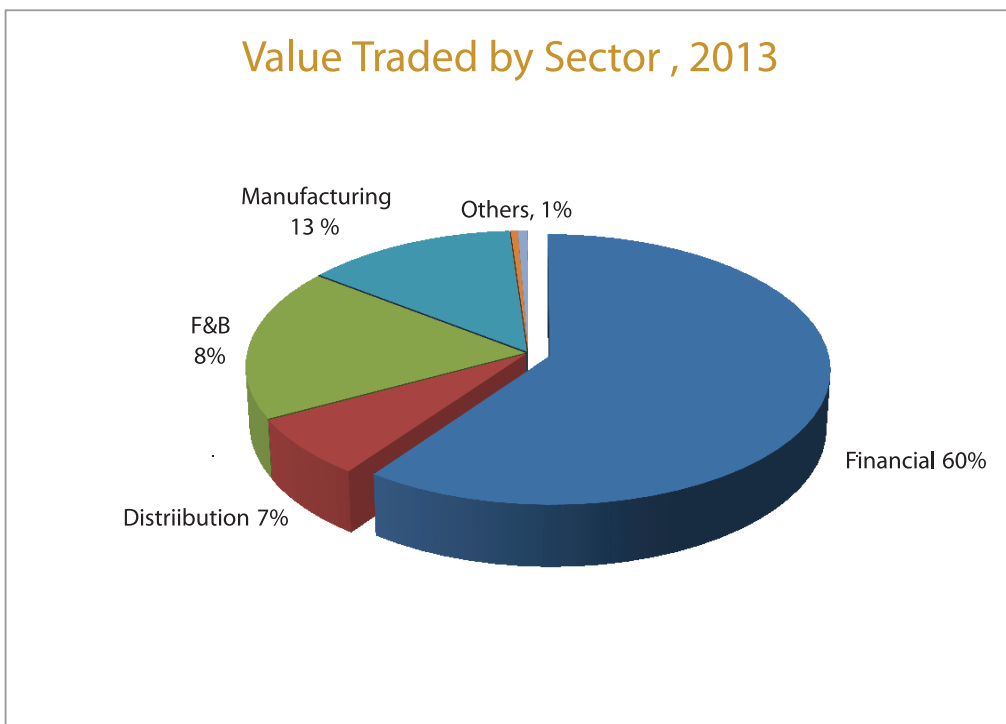


Fig 4.8



Stock Performance

Of the thirty seven (37) listed equities on the Ghana Stock Exchange, twenty (20) witnessed price appreciation, eight (8) experienced price depreciation and nine (9) maintained their opening prices by the close of the year. Most of the listed companies posted very impressive financial results and declared dividends during the year.

PZ Cussons was the best performing stock on the Exchange in 2013. It returned 338% profit to investors who invested in the company from year open to end. Enterprise Group, CAL Bank, Mechanical Lloyd and Guinness (Gh) Breweries Ltd were also among the five best performing stocks in 2013.

They all ended the year with growth rates of 291, 155, 153 and 136 percent respectively. Other stocks that made gains in excess of 100% included GCB Bank, Benso Oil Palm Plantation Limited, Societe General Ghana Limited, Unilever and HFC Bank. Tullow Oil, African Champion Industries, Transactions Solutions and Ayrton Drugs were some of the listed equities that posted losses in value in 2013.

The most actively traded stock was HFC Bank with trades of 117,629,419 shares representing 37.6% of the total volume traded on the exchange. It was followed by CAL Bank, Ecobank Transnational Incorporated, Ecobank Ghana Ltd. and Enterprise Ghana Ltd as shown in the table below:

Table 4.4

Top five (5) volume leaders

TICKER	TRADED VOLUME	% OF TOTAL VOLUME
HFC	117,659,419	37.59
CAL	45,739,551	14.61
ETI	20,780,811	6.64
EBG	14,658,999	4.68
EGL	14,210,037	4.54

Market Liquidity

Market liquidity measures the number of times or the rate at which shares change hands on the Ghana Stock Exchange. In spite of the higher turnover figures for 2013, market liquidity did not improve substantially, rising only from 0.18 in 2012 to 0.75 in 2013. Liquidity has characteristically been low over the years on Ghana's stock market.

In view of the low level of market liquidity, the Securities and Exchange Commission in collaboration with the Ghana Stock Exchange has identified measures to improve the market micro-structure to improve liquidity into the market.

These measures include securities lending and borrowing, underwriting, market making and margin trading. Market guidance rules were being developed before the end of the reporting year, to permit the introduction of the above activities on the market. In addition, public and investor education and other marketing activities were intensified to increase the number of listings on the Ghana Stock Exchange. Listed companies were also urged to meet their 25% minimum float of shares requirement on the Exchange. The liquidity trend on the Ghana Stock Exchange is provided in the table below.

Table 4.5

Stock Market Liquidity on the GSE: 2008- 2013

Year	GSE All-share/ Composite Index (%)	Total Value of Shares Traded (GH¢ million)	Total Market Capitalization (GH¢million)	Liquidity Ratio (%)
2008	58.1	545.79	17,895.12	3.00
2009	-46.6	74.22	15,941.92	0.47
2010	32.3	161.8	20,116.70	0.80
2011	-3.1	446.6	47,347.23	0.94
2012	23.8	102.2	57,264.22	0.18
2013	78.8	456.1	61,158.29	0.75

The Primary market

During the year under review, the Initial Public Offer (IPO) market continued to be quiet as business confidence remained subdued in the face of economic difficulties, stiff competition from cheap imports from abroad, rising inflationary trends, rising interest rates, high energy cost and the loss of competitiveness of the Ghanaian economy and industry as a whole to the rest of the global economy. In view of the above factors, entrepreneurs were reluctant to invest in business expansion programs. For this reason, there were no new listings by way of Initial Public Offers (IPOs) on the Ghana Stock Exchange in the reporting year. In spite of these factors, the under-mentioned listed companies increased their stated capital from within through rights and bonus share issues.

Aluworks Limited:

In the first quarter of 2013, Aluworks Limited raised additional capital through a renounceable rights offer to its existing shareholders. The company issued 600,000,000 ordinary shares to raise an amount of GHS30, 000,000. Total amount raised was GHS7, 231,756.90 for 144,635,138 shares at GH¢0.3 of the shares on offer. The offer was successful representing 24.11% of the rights offer.

Ghana Oil Company Limited (GOIL):

GOIL issued bonus shares to qualifying shareholders in the ratio of 0.2 new shares for every one (1) existing share held.

TOTAL Petroleum Ghana Limited:

TOTAL also issued bonus shares to its qualifying shareholders in the ratio of 7 new shares for every one (1) existing share held.

Other developments on the stock market

Republic Bank of Trinidad and Tobago (RBTT) and HFC Bank Takeover:

The Commission received an application from Reindorf Chambers (Legal Practitioners), on behalf of the Republic Bank Limited of Trinidad & Tobago requesting for a waiver of the Securities and Exchange Commission (SEC) mandatory takeover offer in a transaction in which the Republic Bank increased its stake in HFC Bank Limited from 8.8% to 32%.

Under Rule 4.2 of the SEC Code on Takeovers and Mergers, any person who acquires or intends to acquire 30% or more of the voting shares of a public company shall be obliged to make a takeover offer to shareholders of that public company. While Rule 4.5 of the SEC Code on Takeovers and Mergers provides for exemption from making a mandatory offer with respect to Rule 4.2, the Commission found RBTT's reasons for the waiver inadequate and accordingly declined the application. RBTT was accordingly advised to comply with the mandatory takeover requirements prescribed by the SEC Code on Takeovers and Mergers.

Abraaj Group Limited and Fan Milk Limited Takeover:

The Commission received an application from the Abraaj Group requesting for an exemption from the Securities and Exchange Commission (SEC) mandatory takeover offer in a transaction in which the Abraaj Group intended to acquire 100% stake in Fan Milk International A/S which owns 56.64% of Fan Milk Limited (Ghana).

The Commission approved the request. It also advised the Abraaj Group to complete the process that will eventually result in the acquisition of Fan Milk International A/S, without making a takeover offer to the shareholders of Fan Milk Ghana Limited, the company listed on the Ghana Stock Exchange (GSE) in which Fan Milk International A/S holds 56.64% shares.

The acquisition was completed on 26th November, 2013. Due to the acquisition, Midco Limited S.A a newly incorporated limited liability company under the laws of Luxembourg, jointly owned by the Abraaj Group and Danone has acquired 56.64% indirect controlling interest in Fan Milk Limited.

Arisaig Africa Consumer Fund Limited

Arisaig Africa Consumer Fund Limited acquired an additional 1.13 % shares in UNILEVER increasing its total holdings of the company to 10.33%.

The Bond market

There were no corporate, agency or municipal bonds listed or traded on the market during the year. These are developmental areas that continue to occupy the attention of the Commission.

During the year under review, the government issued Eurobonds to raise an amount of US\$1 billion on the international capital market. The order book for the initial \$750 issue for cash was well oversubscribed with orders reaching \$2,157 billion. Simultaneously, Ghana invited holders of its existing US\$750 million (8.5 per cent notes due 2017) to offer to exchange these existing notes for up to US\$250 million of new notes. The exchange was highly successful with a total of \$356 million tendered by existing investors.

The new Eurobonds were officially issued on 7 August 2013. The final issue size was \$1 billion issued at a coupon rate of 7.875%. The 10-year notes were subsequently listed on the Irish Stock Exchange in Dublin and the Ghana Stock Exchange.

On the domestic bond market, the total number of Government of Ghana bonds listed on the Ghana Stock Exchange at the beginning of the year was 92 with a total face value of GH¢ 5,883.13 million. During the reporting year, 55 new government bonds were issued. They consisted of one 7-year bond, four 3-year bonds, and forty-nine 2-year bonds in addition to the Eurobond, to raise funds for infrastructural development and debt management.

The government also redeemed five 3-year bonds and forty 2-year bonds during the year under review, to bring the total number of listed government bonds at the end of the year to 102 with a total face value of GH¢9,260.16 million and US\$ 1 billion. On the secondary bond market, only 9.0% or GH¢819.07 million of the total value of listed government bonds were traded. The primary bond market activity in 2013 is illustrated in the table below:

Table 4.6

Government of Ghana Bonds Activity in 2013

Bond Term	No. at beginning of 2013	No. of new issues	No. of Redemptions	No. at end of 2013
7-year	-	1	-	1
5-year	3	-	-	3
3-year	10	4	5	9
2-year	79	49	40	88
Eurobond	-	1	-	1
TOTAL	92	55	45	102

IFC- Medium Term Notes Program

During the first quarter, the Commission received a pre-application prospectus from International Finance Corporation to set up a Pan - African 'Domestic Medium Term Note (DMTN) Program to allow the Corporation issue debt securities in Ghana. It was intended that the program, if successful in Ghana, would similarly be set up in other African countries such as Kenya, Rwanda, South Africa, Uganda and Zambia with the aim of deepening the bond or debt markets in Africa. The maximum principal amount of Notes that were to be issued under the Program in Ghana was GHS2 billion over a ten (10) year period, with the base currency being the Cedi.

Funds to be raised from the issuance of the Notes in Ghana were to be used to finance IFC's Cedi denominated investments in Ghana, providing long-term local currency funding to domestic clients and therefore avoiding exposure of domestic clients to cross country risks.

The application was reviewed and IFC advised to submit the substantive prospectus for consideration and approval by the Commission. However, due to the country's macro-economic imbalances, the bond issuance was shelved.

Other developments in the capital market

Growth in the number of market operators

During the year under review twenty- five (25) new licenses were issued by the Securities and Exchange Commission resulting in 17.4% growth in the overall number of institutions involved in capital market operations, with the largest growth occurring in the fund or asset management sub-segment of the market. This growth required the need for additional resources by the Commission to maintain effective surveillance, supervision and regulation of the capital market and its increasing intermediary firms. It is interesting to note that this growth is beginning to overstretch the already thin resources of the Commission .

One critical area of regulatory concern to the Commission is the Collective Investment Scheme sector (i.e. mutual funds and unit trust) which recorded twenty-one percentage (21%) growth in numbers. This sector was particularly designed to attract small or retail investors to the capital market. Hence the need to maintain investor confidence is very critical for its survival using the thin resources of the Commission.

The table below depicts the incremental growth in the number of market operators between 2012 and 2013.

Type of Market Operator	2012	2013
Broker-Dealers	22	22
Investment Advisers (Advisory only)	3	3
Investment Advisers (Fund managers)	65	84
Primary Dealers	14	15
Mutual Funds	17	20
Unit Trusts	12	15
Custodians	17	18
Trustees	3	3
Registrars	4	3
Securities Depositories	2	1
Stock Exchanges	1	1
Exchange Traded Fund	1	1
Total	161	186

Ghana Alternative Market (GAX)

The year also saw the establishment of the Ghana Alternative Market (GAX), a parallel trading platform for small and medium-scale enterprises (SMEs) by the Ghana Stock Exchange. The GAX focuses on SMEs with high growth potential that desire to raise additional capital through the stock exchange.

Companies considering listing on the alternative market will be required to have a minimum capital of GH¢250,000.00 after floatation which is lower than the GH¢1million required for the main market, and a minimum of 20 shareholders, compared with 100 for the main bourse. Companies to be listed on the GAX will also be able to access the SME Listing Support Fund which will be used to assist them meet their listing expenses. The fund was set up with an initial GH¢1million contribution from the African Development Bank, the Ghana Stock Exchange and Venture Capital Trust Fund. Although there were no equity listings in 2013, it is hoped that the establishment of the GAX will encourage additional listings on the bourse in the near future.

Merger of Depositories

On 24th December, 2013, the two depositories in Ghana, the Central Securities Depository Limited (CSD) and the GSE Securities Depository Company Limited (GSD) were merged into a single entity, making the CSD the surviving entity.

Bank of Ghana now owns 82% of the new company and the Ghana Stock Exchange 18%, with the option to increase its shareholding up to 30% within the first year of the agreement.

The merged entity will in addition to securities depository services offer registrar services under a license granted by the Securities and Exchange Commission.

The merger was necessary because the two depositories were a duplication of cost and efforts.

Listed Securities

Below are the types of listed securities on the Ghanaian capital market in 2013:

Table 4.8

	2012	2013
Number of Listed Companies	34	34
Number of Listed Equities:		
Ordinary shares	34	34
Depository shares	1	1
Preference shares	1	1
Exchange Traded Fund	1	1
Number of Listed Bonds:		
Corporate	0	0
Government -		
2-year	79	88
3-year	10	9
5- year	3	3
7-year	0	1
Euro Bond (US\$)	0	1
Value of Listed Bonds:		
Corporate	0	0
Government (GH¢m)	5,939.13	9,260.16
Euro bond (US\$b)	1.0	0.00
Market Capitalization (GH¢m)	57,264.22	61,158.29
Volume Traded	218,134,338.00	313,024,312
Value Traded (GH¢m)	102,195,575.10	456,140,672
Number of Transactions	24,289	34,152

Industry Analysis

Stockbrokerage

2013 in a snapshot

- There were 22 licensed broker-dealers at the end of 2013.
- Total value of stockbrokerage transactions was GHC 910.9 million.
- Total volume of stockbrokerage transactions was 625.5 million shares
- There were a total number of 17,349 brokerage clients during the year.
- Retail clients constituted 94% of all brokerage clients, while institutional clients made up the remaining 6%.
- Databank Brokerage led the market with 25% of the industry's total value of transactions.

There were 22 licensed broker-dealers at the end of the 2013. However, only 20 of these were involved in active trade during the year.

Turnover

Total value of brokerage transactions rose to GHC 910,926,521.98 from GHC 199,367,236.39 in 2012 in tandem with the overall positive performance of the market in 2013. This represented a growth of 357% over 2012's total value traded figures. Similarly, total volume of brokerage transactions rose by 47.6% to record 625.5 million shares at the end of 2013 as opposed to 423.8 million shares in 2012.

Clientele

Despite the larger volume of transactions, client size of the brokerage industry contracted during the year. The total number of clients who invested in securities on the Ghana Stock Exchange via broker-dealers fell from 32,623 in 2012 to 17,349 in 2013. There were 6,963 new accounts opened in 2013. Retail clients were 16,327 constituting 94% of all brokerage clients, while institutional clients represented the remaining 6%. Nine percent (9%) of brokerage clientele in 2013 were foreign investors.

Table 5.1

Brokerage Clientele 2009-2013

Year	Institutional Clients	Retail Clients	Total Clients	Change
2009	788	39,822	40,610	258.1%
2010	874	17,203	18,077	-55.5%
2011	1,517	33,252	34,769	92.3%
2012	1,637	30,986	32,623	-6.2%
2013	1,022	16,327	17,349	-46.8%

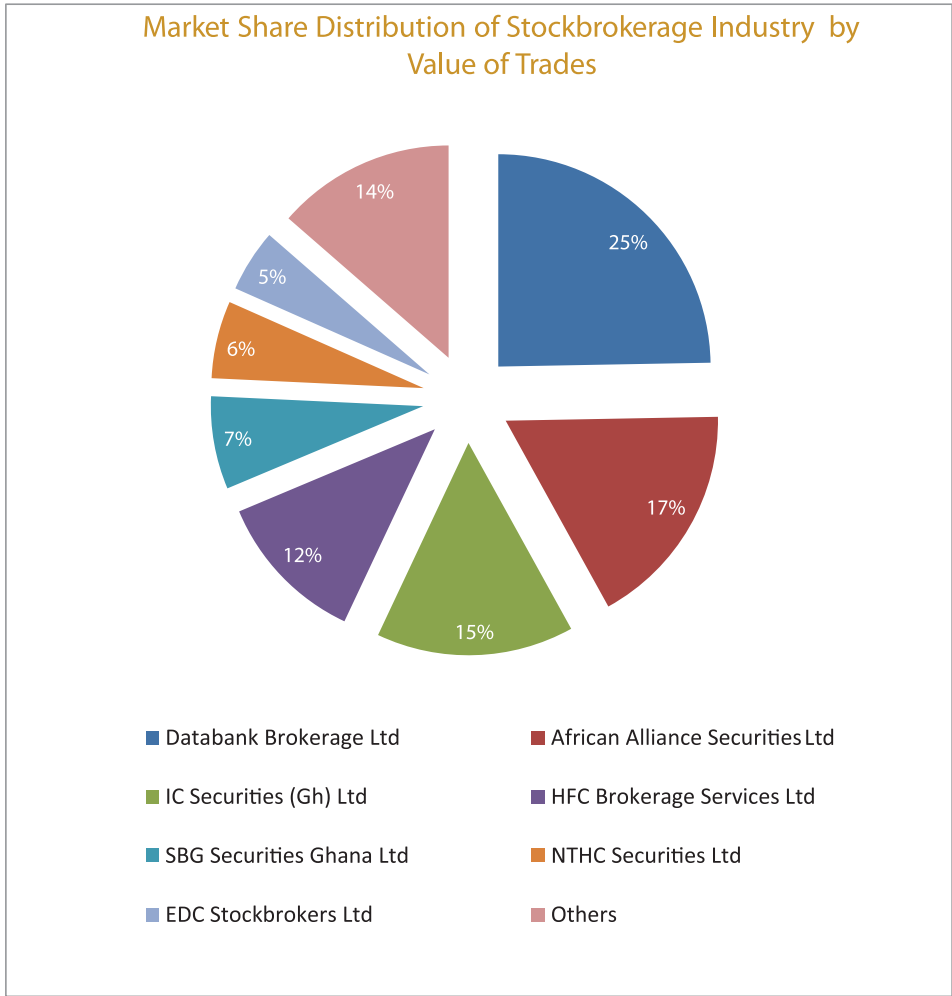
Market share

Databank Brokerage emerged the market leader in 2013, controlling about a quarter (GHC 225.1 million) of the industry's total value of transactions. It was followed by African Alliance Securities (17%), IC Securities (15%), HFC Brokerage Services (12%). All the other brokerage firms who cumulatively made up 32% of the value of the market had less than 10% share each.

In terms of total volumes traded, HFC Brokerage led the market with 177.3 million shares traded, followed by Databank Brokerage (111.1 million shares), SBG Securities (66.9 million shares), African Alliance (60.0 million shares) and IC Securities (56.6 million shares).

Merban Stockbrokers controlled the largest proportion of the industry's clients. It had 4,456 clients. Following it was CDH Securities with 3,179 clients, NTHC Securities (2,047 clients), HFC Brokerage (1,323 clients) and CAL Brokers (991 clients). In comparison, brokerage firms that led the market in turnover (total value and volumes traded) had an average of 450 clients. NTHC Securities acquired the greatest number of new client accounts during the reporting year.

Table 5.1



Investment Advisory services

2013 in a snapshot

- There were 87 licensed investment advisors at the end of the year.
- Total funds under management grew by 55% to GHC4.46 billion in 2013.
- Total funds mobilised amounted to GHC 2.0 billion.
- Twenty-seven percent (27%) of total funds under management was redeemed during the year.
- Clientele of the funds management industry grew by 43% to record 54,376.

There were 87 licensed investment advisors at the end of 2013. Three (3) of these advised solely on securities and did not engage in the management of funds. The rest offered both investment advisory and fund management services.

Total funds under management amounted to GHC 4.46 billion at the end of 2013, an increase of 55% over last year's GHC 2.86 billion. Total funds mobilized by the sector also grew by 35% from GHC 1.48 billion in 2012 to GHC 2.0 billion in 2013. Total redemptions amounted to GHC 1.21 billion, representing 27% of the total funds managed by the industry.

Portfolio Allocation

On average, 60% of funds managed by investment advisors were invested in short-term instruments. These included cash and cash equivalents, Government of Ghana Treasury Bills and fixed deposits. Investments in bonds and other medium-term notes have consistently increased over the years, making up to 11.4% of the industry's portfolio allocation in 2013. However, investments in equities fell to a mere 5.7% from last year's 15.8% of portfolio allocations, despite the outstanding performance of the stock market in 2013. Other instruments such as commercial paper, mutual funds, venture fund, structured finance facilities and cocoa bills collectively constituted about 9.4% of the industry's total asset allocation.

About one third of all investment managers held 90% or more of their portfolio in money market instruments. Dominant players on the bond market included QFS Securities, Oasis Capital and Cornerstone Capital which held between 65-75% of their portfolio in bonds. Fund managers

with substantial equity holdings had between 40-55% of their portfolio allocated to stocks. They included Kron Capital, Black Star Advisors and Cidan Investments. While SIC Financial Services and Databank Asset Management Services had some of the most diversified investment portfolios.

Clientele

The number of clients who subscribed to fund / asset management services in 2013 was 54,376. In 2012, this figure was 37,902, indicating a growth of 43% in the clientele. Four thousand, two hundred and seventy-six of these clients were (4,276) institutions/ corporations while the majority (50,099) were retail investors. Foreign clients constituted 398 of total asset management clients.

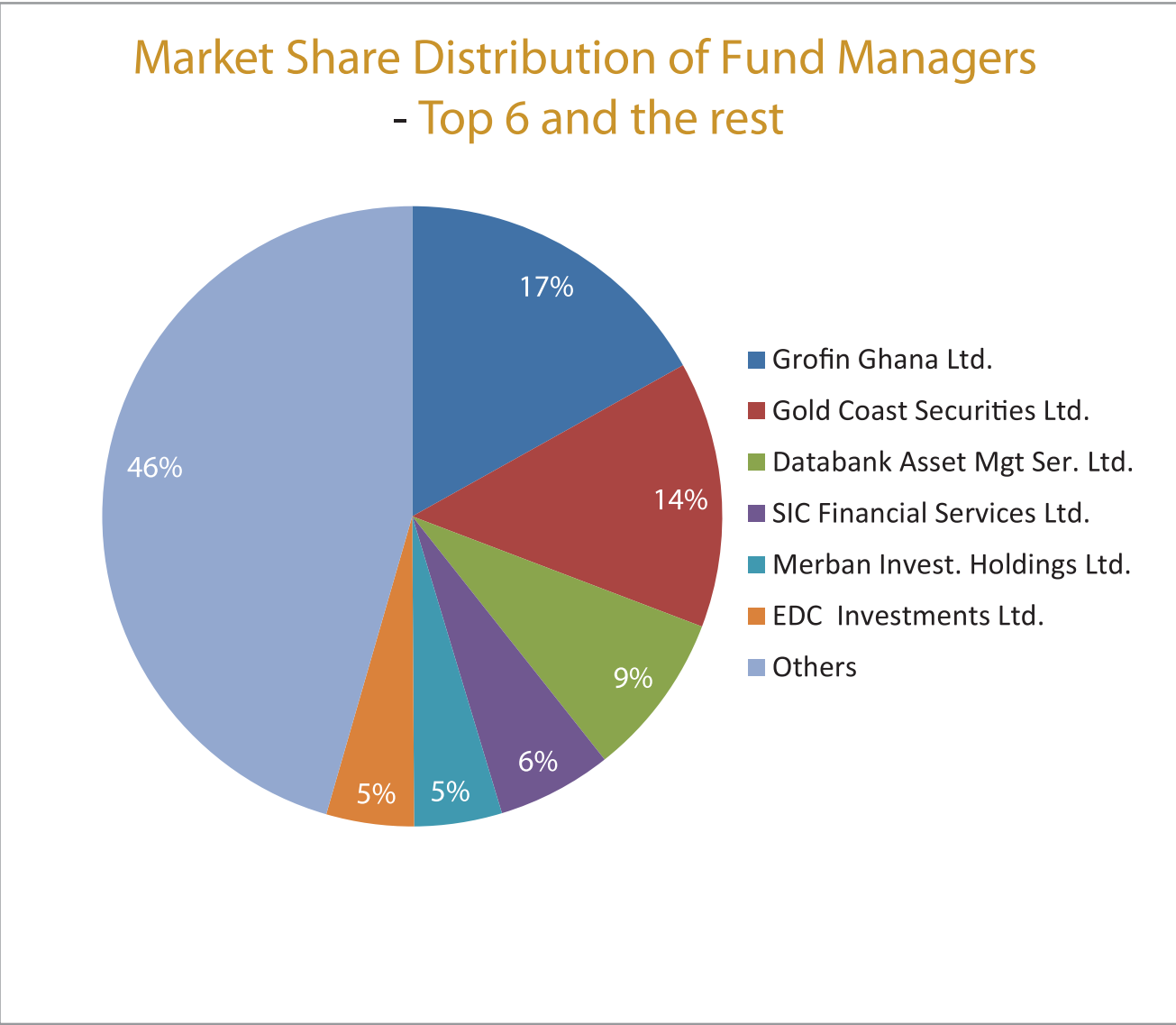
Market Share Distribution

The market distribution of the fund management industry looked closely like last year's. The market was led by Grofin Ghana Ltd. with funds under management valued at GHC 752.8 million representing 17% of the market. Although Grofin does not mobilise funds domestically, it manages funds received from its foreign partners for projects. Gold Coast Securities followed with the

second largest share of funds under management valued at GHC 618.4 million, representing approximately 14% of the market. These were followed by Databank Asset Management with 9% of the market, SIC Financial Services with 6%, and Merban Investment Holdings and EDC Investment Ltd which represented 5% each of the market.

A summary of the industry's performance is provided in the chart below:

Fig 5.2



Collective Investment Scheme

2013 in a Snapshot

- There were 35 licensed collective investment schemes at the end of 2013.
- Net asset value of all Collective Investment Schemes was GHC 362.4 million.
- The number of investors in Collective Investment Schemes increased by 12, 415 to 212,754 shareholders, a growth of 6% over 2012 figures.
- Average annual return on the funds was 35.8%, with the best performing funds returning as much as 89.2%.

Collective Investment Schemes are pools of funds that are managed on behalf of investors by a professional fund manager. In Ghana, they are registered either as Mutual Funds or Unit Trusts.

Collective Investment Schemes are typically organised as Money Market / Fixed Income Funds, Equity /Growth Funds or Balanced Funds. There could also be other types of funds such as Global Funds which specialise in foreign securities, or Specialty funds which aim at investing in specific sectors of the economy or geographical regions. At the end of 2013, there were 35 licensed collective investment schemes in the country. Of these, twenty (20) were registered as mutual funds, and the other fifteen (15) were unit trusts. However, one mutual fund was not operational during the year.

The total net asset value of funds managed by Collective Investment Schemes grew by 49.7 % from GHC 242.0 million in 2012 to GHC 362.4 million in 2013. Mutual Funds contributed 71.5% of this amount totalling GHC 259 million, while Unit Trusts contributed 28.5% totalling GHC 103.2 million. Investments in the capital market accounted for about 35% of total net asset value of the funds, investments in Government of Ghana short-term instruments accounted for 60%, while the remaining 5% was allocated among other forms of investment such as bonds, call investments and positions held in cash.

Collective Investment Schemes generally performed better in 2013 than in 2012 recording an average annualized yield of 35.8% compared with 18.8% in 2012.

Total funds mobilized during the year amounted to GHC 135.5 million, representing 37.4% of the total net asset value of funds managed by Collective Investment Schemes. Total redemptions in the sector amounted to GHC 119.7 million in 2013, resulting in a net subscription of GHC 15.8 million, but representing a slight increase (GHC 771,653) over last year's figures

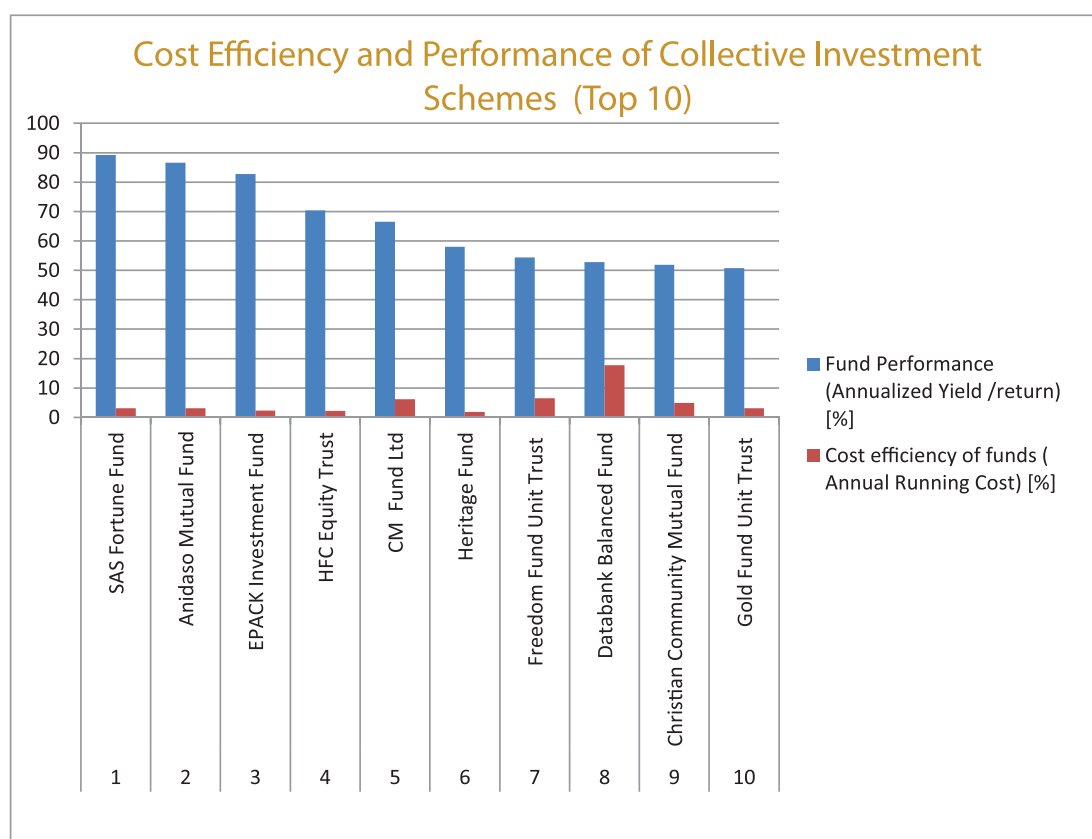
The number of shareholders/unit holders of Collective Investment Schemes increased by 12,415 to record 212,754 in 2013. This represented a growth of 6.2% in the number of investors in collective investment schemes.

The best performing Collective Investment Scheme for the year was the SAS Fortune Fund managed by Strategic African Securities, with an annual yield /return of 89.2% and a cost efficiency of 3.11%. It was followed by the Anidaso Mutual Fund which recorded an annual yield of 86.6% and a cost efficiency of 3.13%. Databank's Epack Investment Fund came in third with an annual yield of 82.7% and a cost efficiency of 2.32%.

With the exception of some new entrants which made returns of less than 1% for their investors, all other collective investment schemes made impressive returns ranging from 16.6% to 89.2%, and an average return of 35.6% on the funds.

Table 5.2. Cost Efficiency and Performance of Collective Investment Schemes (Top 10)

High Yield, Least Cost			
	CIS	Annual Yield (%)	Cost efficiency (%)
1	SAS Fortune Fund	89.2	3.11
2	Anidaso Mutual Fund	86.61	3.13
3	EPACK Investment Fund	82.70	2.37
4	HFC Equity Trust	70.43	2.23
5	CM Fund	66.57	6.15
6	Heritage Fund	58.06	1.82
7	Freedom Fund Unit Trust	54.43	6.55
8	Databank Balanced Fund	52.76	17.70
9	Christian Community Mutual Fund	51.87	4.89
10	Gold Fund Unit Trust	50.79	3.10

Fig 5.3

Mutual funds

The total number of mutual funds licensed by the Commission in 2013 stood at 20, up from 17 in the previous year.

Total net asset value of mutual funds also increased from GHC 172.8 million to GHC 259.2 million. All three leading mutual funds in 2012 maintained their positions in 2013. Databank Money Market Fund (MFund) led with 40.3% of the sub-segment's total net asset value, followed by Epack Investment Fund with 36.7% and EDC Ghana Balanced Fund with 6.9%.

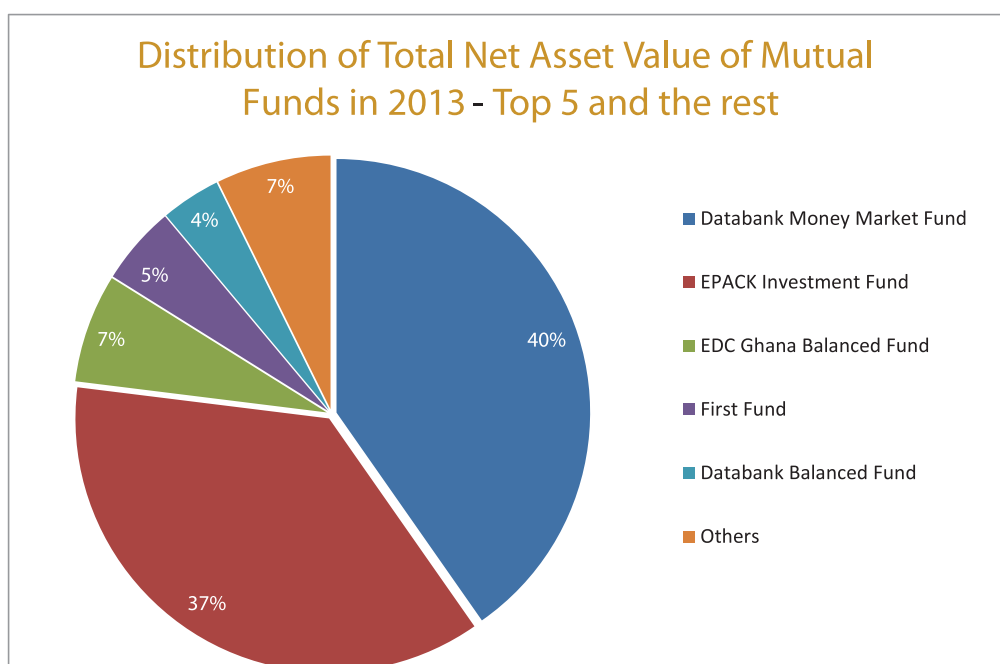
Total shareholder base increased from 167,927 in 2012 to 175,738 in 2013 representing an increase of 4.6%. Epack Investment Fund continued to have the largest number of shareholders – 77,808, representing 44% of all mutual fund shareholders. It was followed by the MFund with 56,980 shareholders representing 32%

and EDC Ghana Balanced Fund with 10,235 shareholders representing 6% respectively of the total shareholder base.

Databank's Money Market Fund suffered the highest redemption in value terms accounting for 69% of all mutual fund redemptions, thereby resulting in a net redemption of GHC 2.47 million. The SAS Fortune Fund managed by Strategic African Securities was the best performing mutual fund for the year with an annual return of 89.2% and a cost efficiency of 3.11%. Other mutual funds that returned high yields to their shareholders included Anidaso Mutual Fund, EPACK Investment Fund, CM Fund and Heritage Fund. (For more details on the performance of mutual funds, please refer to Tables 3-5 in Appendix C).

The chart below shows the distribution of total net asset value of the various mutual funds.

Fig 5.4



Unit trusts

At the end of 2013, there were 15 licensed unit trusts. Total net asset value (NAV) of all 15 unit trusts grew from GHC 69.3 million in 2012 to GHC 103.2 million in 2013, a growth rate of 49%. As with mutual funds, all three leading unit trusts in 2012 maintained their positions in 2013. HFC Unit Trust maintained its lead with a net asset value of GHC 44.9 million, representing 43.6% of the total net asset value of the sub-segment. It was followed by HFC Real Estate Investment Trust with GHC 27.9 million representing 27% of total net asset value. Stanbic Income Fund placed third with a net asset value of GHC 6million representing 6% of total net asset value.

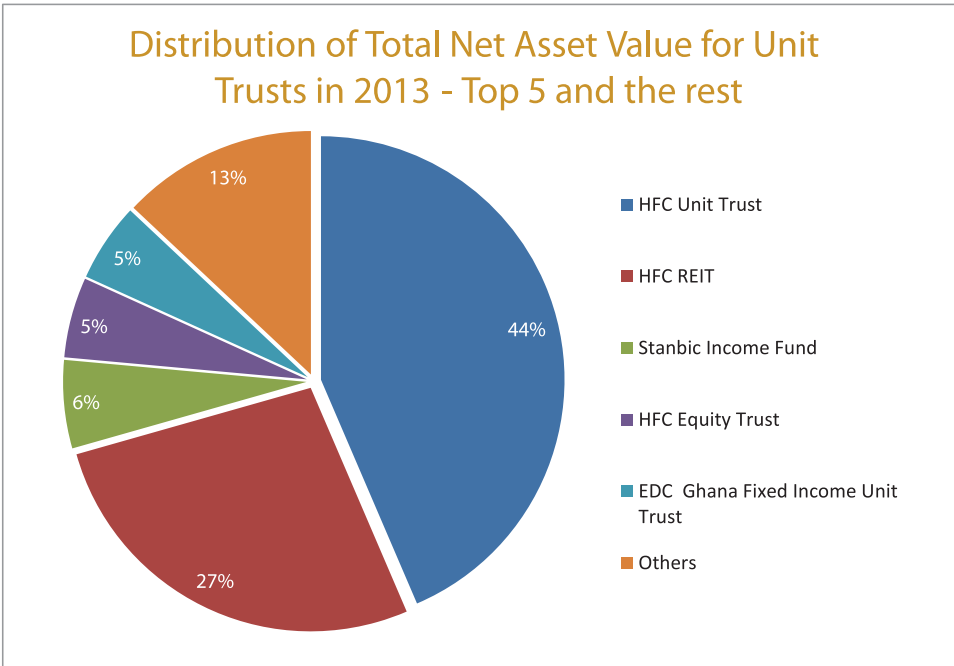
As in 2012, HFC Unit Trust led in terms of total subscriptions/ amount mobilised by all unit trusts in 2013, accounting for 40% of total funds mobilized by the unit trusts. However, HFC Real Estate Investment Trust led in terms of net subscriptions with an amount of GHC 4.4 million.

HFC Unit Trust had the largest investor base with 21,281 unit holders accounting for over 50% of all investors in unit trusts. Overall, there was a 14% growth in total investors in unit trusts from 32,415 last year to 37,016 in 2013.

The best performing unit trust in 2013 was the HFC Equity Trust which gave its investors an annual return of 70.4%. It was followed by the Freedom Fund Unit Trust, managed by Liberty Capital Ltd, and the Gold Fund Unit Trust, managed by Gold Coast Securities with annual yields of 54.4% and 50.8% respectively.

The chart below shows the distribution of total net asset value of the various unit trusts.

Fig 5.5



Financial Statements

Financial Statements

For the year ended 31st December 2013

General Information

MEMBERS OF THE COMMISSION

PROFESSOR E. V. O. DANKWA	- (CHAIRMAN)
MR. ADU ANANE ANTWI	- (DIRECTOR GENERAL)
MR. GADDIEL ACQUAAH-ARHIN	- (DEPUTY DIRECTOR GENERAL - FINANCE)
MR. ALEXANDER WILLIAMS	- (DEPUTY DIRECTOR GENERAL - LEGAL)
	APPOINTED ON 1ST JULY 2013
MRS. JUSTICE MARGARET WELBOURNE	- MEMBER
MR. KOFI OTUTU ADU LABI	- MEMBER
MR. CHARLES ASEMBRI	- MEMBER
MRS. JEMIMA MAMAA OWARE	- MEMBER
MR. K. B. OKU-AFARI	- MEMBER
MR. JOE ABOAGYE DEBRAH	- MEMBER
MS. SENA KUDJAWU	- MEMBER

REGISTERED OFFICE

30, 3RD CIRCULAR ROAD CANTONMENTS
ACCRA

AUDITORS

OPOKU, ANDOH & CO.
CHARTERED ACCOUNTANTS
ACCOUNTANCY HOUSE
SDA 8, COMMUNITY 5
P. O. BOX CO 1364
TEMA

BANKERS

BANK OF GHANA
ECOBANK GHANA LIMITED

Report of Commissioners to the Government

The Commissioners in presenting the Audited Financial Statements of the Commission for the year ended 31st December 2013 report as follows:

RESULTS FOR THE YEAR

GH¢

THE EXCESS INCOME OVER EXPENDITURE
FOR THE YEAR AMOUNTED TO

498,129

WHICH WHEN ADDED TO THE BALANCE BROUGHT FORWARD
ON THE ACCUMULATED FUND OF

4,987,818

LEAVES A BALANCE TO BE CARRIED FORWARD
ON THE ACCUMULATED FUND OF

5,485,947

STATE OF AFFAIRS OF THE COMMISSION

The Commissioners consider the state of affairs of the Securities and Exchange Commission to be satisfactory.



COMMISSIONER



COMMISSIONER

Statement of Commissioners' responsibilities

The Securities Industry Act 1993 (PNDCL 333) as amended by the Securities Industry (Amendment) Act, 2000 (Act 590) requires the Commissioners to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Commission as at the end of the financial year and of the surplus or deficit for the period.

They consider that in preparing the Financial Statements they have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all International Accounting Standards which they consider to be appropriate have been followed.

The Commissioners are responsible for ensuring that the Commission keeps accounting records which disclose with reasonable accuracy the financial position of the Commission and which enable them to ensure that the financial statements comply with the Securities Industry Act, 1993 (PNDCL 333) as amended by the Securities Industry (Amendment) Act, 2000 (Act 590). They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Commission and to prevent and detect fraud and other irregularities.

The above statement which should be read in conjunction with the Statement of the Auditors' responsibilities set out on page 3 is made with a view to distinguishing for the Minister of Finance the respective responsibilities of the Commissioners and the Auditors in relation to the Financial Statements.

Report of the auditors on the financial statements

For the year ended 31st December 2013

We have audited the Financial Statements on pages 5 to 14, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Responsibilities Of Commissioners

As described on page 70, the COMMISSIONERS are responsible for preparing the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with generally accepted auditing standards and in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves examination on a test basis, of evidence relevant to the amount 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 irregularities 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 Act, 1993 (PNDCL 333) as amended by the Securities Industry (Amendment) Act, 2000 (Act 590) and give a true and fair view of the state of the Commission's affairs as at 31st December, 2013 and of the operational results and cashflow for the year then ended.



.....
SIGNED BY: PETER OPOKU (ICAG/P 1009)

FOR AND ON BEHALF OF:

OPOKU, ANDOH & CO. (ICAG/F/2014/053)

CHARTERED ACCOUNTANTS

SDA 8, COMMUNITY 5

TEMA

Dated: April 4th 2014

Income statement for the year ended 31st December, 2013

INCOME	Note	2013 GH¢	2012 GH¢
Ghana Government Subvention	2	1,480,096	2,121,014
Other Income	3	2,798,373	1,304,762
Total Income		<u>4,278,469</u>	<u>3,425,776</u>
EXPENDITURE			
Emoluments and Allowances	4	1,548,364	1,659,556
Commissioner's Remuneration		222,338	230,422
Goods and Services Activity Expenses	5	2,002,561	1,814,696
Audit fees		<u>7,077</u>	<u>6,900</u>
Total Expenditure		<u>3,780,340</u>	<u>3,711,574</u>
Excess of Income Over Expenditure		<u>498,129</u>	<u>(285,798)</u>

Statement of financial position as at 31st December, 2013

		2013	2012
NON - CURRENT ASSETS	Note	GH¢	GH¢
Property, Plant and Equipments	6	<u>1,895,920</u>	<u>1,933,916</u>
CURRENT ASSETS			
Short-Term Investment	7	2,481,912	2,123,042
Receivables	8	905,756	577,925
Prepayments	9	13,281	12,631
Bank and Cash Balances	10	<u>344,866</u>	<u>366,058</u>
		<u>3,745,815</u>	<u>3,079,656</u>
TOTAL ASSETS		<u>5,641,735</u>	<u>5,013,572</u>
FUND AND LIABILITIES			
Accumulated Fund	11	5,485,947	4,987,818
CURRENT LIABILITIES			
Payables	12	<u>155,788</u>	<u>25,754</u>
TOTAL FUND AND LIABILITIES		<u>5,641,735</u>	<u>5,013,572</u>



COMMISSIONER



COMMISSIONER

Approved on 24th April 2014

Notes to the financial statements for the year ended 31st December, 2013

1. Accounting Policies

The financial statements have been prepared in accordance with the following accounting policies.

a. Basis of Accounting

The financial statements have been prepared using the Historical Cost basis of accounting and in accordance with generally accepted accounting principles considered applicable to the Commission.

b. Depreciation

Depreciation is provided on a straight -line basis at rates calculated to write off the cost of each fixed asset over its estimated economic useful life. The annual rates in use are as follows:

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 date of the Statement of Financial Position .

d. Foreign Exchange Gain /Loss

Foreign exchange differences(gain/loss) are included in the income statement for the year in which they are realised.

2. Government Subvention

This is made up as follows:

	2013 GH¢	2012 GH¢
Personnel Emolument	1,458,352	1,580,687
Goods and Services	21,744	404,571
Investment	-	135,756
	<u>1,480,096</u>	<u>2,121,014</u>

3. Other Income

This is made up as follows:

Licences Fees	257,420	220,010
Investment Income	427,573	291,845
Penalties	86,600	146,750
Transactions Levy	1,237,157	430,949
Prospectus Approval Fees	162,124	83,143
Depository Fee	340,170	-
Interest on Staff Loan	4,862	4,643
Foreign Exchange Gain	-	39,489
Other Support	30,423	-
FINSSP Support	214,597	65,809
Sale of Mergers & Takeovers Code	3,825	2,360
Sale of License Forms	24,565	17,875
Profit on Disposal	-	1,889
Insurance Claim	9,056	-
	<u>2,798,373</u>	<u>1,304,762</u>

Notes to the financial statements for the year ended

31st December, 2013 continued

4. Personnel Emoluments

This is made up as follows:

	2013 GH¢	2012 GH¢
Basic	941,073	957,239
Employers Contribution - SSF	113,832	98,007
Allowances	493,459	534,745
Gratuity	-	69,565
	<u>1,548,364</u>	<u>1,659,556</u>

5. Goods And Services Expenses

This is made up as follows:

Electricity and Water	6,591	6,201
Telecommunication and Internet Services	131,871	41,249
Postal Expenses	392	652
Security Service	40,296	29,850
Office Cleaning and Sanitation	23,939	22,329
Stationery and Office Supplies	31,664	24,879
Entertainment Allowance and Refreshments	60,249	58,690
Publications and Library Books	1,675	1,098
Subscriptions and Membership Fees	9,414	6,152
Newspapers & Magazines	21,419	11,943
Local Travel and Transport	18,057	16,968
Vehicle Running Expenses	189,145	194,373
Ground Rent	9,713	-
Repairs and Maintenance:		
Official Vehicles	18,942	30,329
Furniture and Fittings	7,876	6,201
Property ,Plant and Equipment	35,217	40,149
Building	7,369	3,173
Total carried forward	<u>613,832</u>	<u>494,236</u>

Goods and services expenses continued

	2013 GH¢	2012 GH¢
Total brought forward	613,832	494,236
Insurance:		
Official Vehicles	19,272	17,477
Official Building	2,522	2,569
Plant and Equipment	1,879	-
Warm Clothing	2,908	16,541
Bank Charges	544	835
Consultancy fees/Expenses	-	4,250
Medical Expenses	92,927	64,948
Donations and Contributions	1,200	5,700
Honoraria/Protocol	84,845	23,704
Legal Expenses	4,340	1,588
IOSCO Dues	33,688	26,550
Staff Welfare / Sport Expenses	26,834	14,682
Staff Incentive Expenses	297,546	140,941
Contract Printing	101,546	32,487
Staff Utility	65,895	55,616
Outstation/ Local Hotel Expenses/Local Training	14,529	19,066
Staff Lunch	71,737	66,669
Staff Rent Subsidy	91,404	66,183
Depreciation	109,330	121,703
Foreign Travel, Training & Conferences	214,614	472,963
Travel Insurance	853	2,848
Staff Local training	16,056	15,514
Hire of Venue	49,491	27,490
Advertisement	29,035	5,117
Hotel Accommodation	51,884	98,885
Allowances - Other	-	16,134
Bad Debt	3,853	-
	<u>2,002,561</u>	<u>1,814,696</u>

Notes to the financial statements for the year ended

31st December, 2013 continued

7. Short - term investment

This represents investments in Treasury Bill and Fixed Deposit stated at market value.

8. Receivables

This is made up as follows:

	2013 GH¢	2012 GH¢
Staff Rent Advance	47,640	82,467
Staff Car Loan	351,153	364,853
Staff Motorbike Loan	15,605	28,468
Personal Loan	24,909	37,720
Staff Salary Advance	123,534	59,433
Market Levy	340,170	-
Refund to GDHC Shareholders	360	360
Accountable Imprest	2,385	4,624
	905,756	577,925

9. Prepayments

This represents:

Insurance Prepaid (Vehicles)	13,281	12,631
------------------------------	---------------	---------------

10. Bank and cash balances

This is made up as follows:

Bank of Ghana (Dollar Account)	11,100	25,666
Bank of Ghana (Cedi Account)	5,471	7,562
Ecobank Ghana Ltd. (Account No. 1)	223,560	104,838
Ecobank Ghana Ltd. (Account No. 2)	104,097	227,934
Petty Cash	638	58
	344,866	366,058

11. Accumulated fund

This is made up as follows:

Balance @ 01/01/2013

Excess of Income over Expenditure

Transferred from Income Statement

Balance @ 31/012/2013

2013
GH¢

2012
GH¢

4,987,818

5,273,616

498,129

(285,798)

5,485,947

4,987,818

12. Payables

This is made up as follows:

Audit fee

6,023

6,000

Vat on Audit fee

1,054

900

Staff Incentive

128,382

-

Staff Welfare Fund

222

222

Provident Fund

8

8

PAYE

-

10,571

Withholding tax Commissioners Allowance (10%)

-

4,139

Withholding tax Responsibility Allowance (10%)

1,048

1,744

Withholding tax (5%)

19,052

2,170

155,788

25,754

B. Register of licensees 2012/13

Broker Dealers

AFRICAN ALLIANCE SECURITIES LIMITED

2nd Floor Heritage Towers,
Ambassadorial Enclave
6Th Avenue, Ridge
Accra
Tel: 030 2679761-2/679723
Fax: 030 2679698
Email: Nelson@Africanalliance.com
Website: www.africanalliance.com

BLACK STAR BROKERAGE LIMITED

F304/5, 5th Norla Street
Labone
PMB 59, Osu
Accra
Tel: 030 2785553
Fax: 030 2768067
Email: charles@clackstarbrokerage.com
Website: www.blackstarbrokerage.com

BULLION SECURITIES LIMITED

No. 8 Quarthey Papafio Avenue
Airport Residential Area
P.o Box Ct 5252, Cantonments
Accra
Tel: 0544 312462
Fax:
Email: Info@bullionholding.com
Website: www.bullionholding.com

CAL BROKERS LIMITED

World Trade Center
45 Independence Avenue
P.o Box 14596
Accra
Tel: 030 2680052/680061-9
Email: info@Calbrokersghana.com
Website: www.ibrokerghana.com

CDH SECURITIES LIMITED

36 Independence Avenue, Adj. To Nic
North Ridge
P. O. Box 14911
Accra
Tel: 030 2667425-8/7010394
Fax: 030 2662167
Email: Service@Cdhghana.com
Website: www.cdhgroup.co

CHAPEL HILL DENHAM SECURITIES (GH.) LIMITED

No. 2 N. Sithole Road, Labone
PMB CT 384
Cantonments
Tel: 030 2766865
Fax: 030 2771346
Email: ghana.info@chapelhilldenham.com
Website: www.chapelhilldenham.com

DATABANK BROKERAGE LIMITED

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Email: info@databankgroup.com
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EDC STOCKBROKERS LIMITED

22, Ambassador Re-Development Area
Valco Trust House, 3Rd Floor, Ridge
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Tel: 030 2251720 FAX: (233-302) 251734
Email: edc@ecobank.com
WEBSITE: www.ecobankghana.com

FIRST ATLANTIC BROKERS LIMITED

No. 1 Seventh Avenue
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P.O Box CT 1620 Cantonments
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FIRSTBANC BROKERAGE SERVICES LIMITED

World Trade Centre
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Email: brokerage@firstbancgroup.com
Website: www.firstbancgroup.com

GFX BROKERS LIMITED

7th Floor, Heritage Towers
Ambassadorial Enclave
Ridge
Accra
Tel: 030 7031223
Email: joe.anka@sky.com
Website:

GN INVESTMENTS LIMITED

5 Mozambique Link, North Ridge
Adj. Coconut Grove Regency Hotel
P.O Box AN 5879
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Tel: 030 2978838/9
Email: info@gninvestments.com
Website: www.gninvestments.com

HFC BROKERAGE SERVICES LIMITED

6 Sixth Avenue
 Ambassadorial Enclave, Ridge West
 P.o Ct 4603, Cantonments
 Accra
 Tel: 030 2664214/664203/683891-3
 Fax: 030 2664106
 Email: brokerage@hfcbank-gh.com
 Website: www.hfcbank-gh.com

IC SECURITIES (GH.) LIMITED

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LIBERTY SECURITIES LIMITED

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 Tema
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 Email: info@libertygh.com
 Website: www.libertygh.com

MERBAN STOCKBROKERS LIMITED

Universal Merchant Bank Annex
 57 Examination Loop , North Ridge,
 Tel: 030 2251131-6
 Fax: 030 2251138
 Email: merban_services@merbangh.com
 Website:

NEW WORLD SECURITIES LIMITED

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 Heritage Towers
 Ambassadorial Enclave
 Accra
 Tel: 030 2660163/676979/676980
 Fax: 030 2670518
 Email: service@newworldgh.com
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NTHC SECURITIES LIMITED

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 Fax: 030 2229975/240243
 Email: info@nthc.com.gh
 Website: www.nthc.com.gh

PRUDENTIAL STOCKBROKERS LIMITED

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SBG SECURITIES (GH.)LIMITED

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SIC BROKERAGE LIMITED

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STRATEGIC AFRICAN SECURITIES LIMITED

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WORLDWIDE SECURITIES LIMITED

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ACCESS BANK GHANA LIMITED

Starlets '91 Road
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Email: info@ghana.accessbankplc.com
Website: www.accessbankplc.com.gh

AGRICULTURAL DEVELOPMENT BANK LTD.

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ARB APEX BANK LIMITED

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South Ridge
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BANK OF AFRICA GHANA LIMITED

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BARCLAYS BANK GHANA LIMITED

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ECOBANK GHANA LIMITED

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STANDARD CHARTERED BANK GHANA LTD.

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UNITED BANK FOR AFRICA (GHANA) LTD.

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UNIVERSAL MERCHANT BANK (GHANA) LIMITED

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ASN INVESTMENTS LIMITED

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CAMBRIDGE CAPITAL ADVISORS LTD.

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CIDAN INVESTMENTS AND ADVISORY SERVICES LIMITED

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Email: info@cidaninvestment.com
Website: www.cidaninvestments.com

CONSTANT CAPITAL (GHANA) LIMITED

Akosombo Street
 Airport Residential Area
 Airport, Accra
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 Email: info@constantcap.com
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**CORNERSTONE CAPITAL
ADVISORS LIMITED**

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 Website: www.cscapital.com

CRYSTAL CAPITAL & INVESTMENT LTD.

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 Email: info@crystalcapitalgh.com
 Website: www.crystalcapitalgh.com

DALEX CAPITAL LTD.

12 Ollenu Street, East Legon
 P. O. Box CT 3581, Cantonments
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 Tel: 024 4326070
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 Website:

**DATABANK ASSET MANAGEMENT SERVICES
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**ECOBANK INVESTMENT
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EM CAPITAL PARTNERS LIMITED

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Website: www.emcapitalpartners.com

EMERGING MARKETS ASSET MANAGEMENT LIMITED

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Email: info@emassetsmanagement.com
Website: www.emam-fund.com

ENERGY INVESTMENTS LTD.

30 Independence Avenue
GNAT Heights
Accra
Tel: 030 2234033-4
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Website: www.energybankghana.com

FIDELITY SECURITIES LIMITED

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FRONTLINE CAPITAL ADVISORS LIMITED

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 Kuku Link
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GALAXY CAPITAL LIMITED

No. 35 East Cantonments
 Opp. Goethe Institute, near NAFTI
 P.O. Box CT 8422, Accra
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GATEWAY WEALTH MANAGEMENT LIMITED

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GLICO FINANCIAL SERVICES LIMITED

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GLOBAL INVESTMENT BANKERS LIMITED

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 Railway Police Station , Adum
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GOLD COAST SECURITIES LIMITED

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 Email: info@gcinvestments.com
 Website: www.goldcoastsecurities.com

GREAT AFRICA SECURITIES LIMITED

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GROFIN GHANA LIMITED

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IC ASSET MANAGERS LIMITED

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INTER AFRIQUE CAPITAL LIMITED

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JACANA PARTNERS LIMITED

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JCS INVESTMENT LIMITED

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JOS SECURITIES AND INVESTMENT MANAGEMENT LIMITED

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LIBERTY ASSET MANAGEMENT LIMITED

Chez Julie Plaza

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KRON CAPITAL LIMITED

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NDK ASSET MANAGEMENT LIMITED

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NEW GENERATION INVESTMENT SERVICES LIMITED

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PRESTIGE CAPITAL LIMITED

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SEM CAPITAL MANAGEMENT LIMITED

Suite 415, 4th Floor, Trust Towers
P.O Box CT 2069, Cantonments
Accra
Tel: 030 27010250
Fax: 030 2240666
Email: capital@semfinancial.com
Website: www.semfinancial.com

SERENGETI CAPITAL LIMITED

No. 5 Abofun Crescent
Labone
P.O.Box KIA 9276
Accra
Tel: 030 2768960/61
Fax: 030 2768966
Email: info@serengeticap.com
Website: www.serengeticap.com

SIC FINANCIAL SERVICES LIMITED

No. 28/29 Ring Road East
Nyametei House
P.O. Box 2363
Accra
Tel: 030 2767051/767163/767117
Fax: 030 2767021
Email: infofsl@sic-gh.com
Website: www.sic-fsl.com

SIRIUS CAPITAL LIMITED

Suite No. G023
Christman House
P.O Box CT 6382, Cantonment
Accra
Tel: 030 2777328
Fax:
Email: info@siriuscapitalgh.com
Website: www.siriuscapitalgh.com

SOROMA CAPITAL LIMITED

No. F65/6 Clotey Close
North Labone
P.O Box CT 1209, Cantonments
Accra
Tel: 030 2920805
Fax: 030 2777005
Email: info@soromacapital.com
Website: www.soromacapital.com

STANBIC INVESTMENT MANAGEMENT SERVICES LIMITED

Valco Trust House
P. O Box CT.2344, Cantonments
Accra
Tel: 030 2815789
Fax:
Email: customercare@stanbic.com.gh
Website: www.stanbic.com.gh

STAR ASSET MANAGEMENT LIMITED

40, Boundary Rd. East Legon
P.O Box KIA 9635, Airport
Accra
Tel: 030 2542182
Fax:
Email: info@staramg.com
Website: www.staramg.com

TEMPLE INVESTMENTS LTD.

Hno. F30/8 5th Circular Road Extension Labone
Labone, Accra
P. O. Box CT 9828, Cantonments
Accra
Tel: 030 3931514
Fax:
Email: info@templeinvest.com
Website: www.templeinvest.com

TIKOWRIE CAPITAL LIMITED

51/4, 3rd Paa Grant Close
Community 10
P.O Box CO 1912
Tema
Tel: 030 7034745
Fax:
Email: info@tikowriecapital.com
Website: www.tikowriecapital.com

UNISECURITIES LIMITED

No. 581/4 Royal Castle Road
Kokomlemle
P.O Box AN 15367
Accra-North
Tel: 030 2233279
Fax:
Email: info@unisecuritiesghana.com
Website: www.unisecuritiesghana.com

UTRAK CAPITAL MANAGEMENT LTD.

P. O. Box UP 1011
Asokwa, Adjacent Noks Hotel
Kumasi
Tel: 032 2039876/020 0248102/0302 255476
Fax:
Email:
Website: www.utrakfsgghana.com

VERIT INVESTMENT ADVISORY SERVICES LIMITED

2nd Floor, L' AINE Office Complex
Plot 38, Adama Rd.
Adabraka -Accra
Tel: 030 2727290/0243981503/0244583738
Fax:
Email: veritinvestments@gmail.com
Website: www.veritinvestment.com

WEALTH MANAGEMENT LIMITED

No. 334 Salem Road
Kuku Hill, Osu
P.O Box AN 15946
Accra
Tel: 030 2780845
Fax: 030 2780846
Email: info@wealthmanagementlimited.com
Website: www.wealthmanagementlimited.com

WEALTH VISION FINANCIAL SERVICES LIMITED

Next Flight Hotel Building
Community 9
P.O Box CO 1648
Tema
Tel: 030 3306170/71
Fax:
Email: info@wealthvisionfs.com
Website: www.wealthvisionfs.com

WESTON CAPITAL LIMITED

7th Floor, World Trade Center
29 Independence Avenue
P.O box GP 608, Accra
Accra
Tel: 030 2632567
Fax: 030 2232456
Email: info@westoncapitalgroup.com
Website: www.westoncapitalgroup.com

WORLDWIDE INVESTMENTS CO. LIMITED

No. 8 Ring Way Link
P.O Box OS 01072, Osu
Accra
Tel: 030 2764578/256001
Fax: 030 2764580
Email: wic@africaonline.com.gh
Website: www.worldwidesecurities-gh.com

Mutual Funds

ALL-TIME BOND FUND

No. 25 Airport West Road
Airport Residential Area
Accra
Tel: 030 2773102
Fax: 030 2766126
Email: info@alltime.com.gh
Website: www.alltime.com.gh

ANIDASO MUTUAL FUND

1st Floor, Cocobod Jubilee Bldg
Adum
P.O Box UPO 603
Kumasi
Tel: 032 291607/9
Fax: 032 231286
Email: info.ngis@ngis-group.com
Website: www.ngis-group.com

CHRISTIAN COMMUNITY MUTUAL FUND

7 Awulakpakpa Street
Osu
P.O Box GP 919
Accra
Tel: 032 291607/9
Fax: 032 231286
Email: info.ngis@ngis-group.com
Website: www.ngis-group.com

CM FUND

C/O SDC Capital Limited
First Floor, Fmr. NPART Building
Post Office Square, High Street
Accra
Tel: 030 2669372 – 5
Fax: 030 2669371
Email: services@sdcgh.com
Website: www.sdcgh.com

DATABANK ARK FUND

No.61 Barnes Rd
Adabraka
PMB, Ministries Post Office
Accra
Tel: 030 2681404, 701007
Fax: 030 2681443, 669100
Email: info@ databankgh.com
Website: www.databankgroup.com

DATABANK BALANCED FUND

No. 61 Barnes Rd
Adabraka
PMB, Ministries Post Office
Accra
Tel: 030 2681404, 701007
Fax: 030 2681443, 669100
Email: info@ databankgh.com
Website: www.databankgroup.com

DATABANK EDUCATIONAL FUND

No.61 Barnes Rd
Adabraka
PMB, Ministries Post Office
Accra
Tel: 030 2681404, 701007
Fax: 030 2681443, 669100
Email: info@databankgh.com
Website: www.databankgroup.com

DATABANK MONEY MARKET FUND

No. 61 Barnes Rd
Adabraka
PMB, Ministries Post Office
Accra
Tel: (233-302) 681404, 701007
Fax: (233-302) 681443, 669100
Email: info@databankgh.com
Website: www.databankgroup.com

EDC BALANCED FUND

House No. 5, 2nd Ridge Link
North Ridge
P.O Box AN 16746
Accra
Tel: 030 2251727
Fax: 030 2251734
Email: edc@ecobank.com
Website: www.ecobank.com

EPACK INVESTMENT FUND

No. 61 Barnes Rd
Adabraka
PMB, Ministries Post Office
Accra
Tel: 030 2681404, 701007
Fax: 030 2681443, 669100
Email: info@databankgh.com
Website: www.databankgroup.com

FIRST FUND

No. 6 South Liberia Road
P.O Box 1464, Osu
Accra
Tel: 030 2921984
Fax: 030 2921984
Email: info@firstbancgroup.com
Website: www.firstbancgroup.com

FIRSTBANC HERITAGE FUND

No. 6 South Liberia Road
P.O Box 1464, Osu
Accra
Tel: 030 2921984
Fax: 030 2921984
Email: info@firstbancgroup.com
Website: www.firstbancgroup.com

GOLD MONEY MARKET FUND

5 Mozambique Link
Opp. The Royal Netherlands Embassy
P.O Box GP 14198
Accra
Tel: 030 2256342/3
Fax: 030 2256344
Email: info@gcinvestments.com
Website: www.goldcoastsecurities.com

KIDDIFUND

House No. 5, 2nd Ridge Link
North Ridge
P.O Box AN 16746
Accra
Tel: 030 2251727
Fax: 030 2251734
Email: edc@ecobank.com
Website: www.ecobank.com

MERBAN FUND

Merban House
44 Kwame Nkrumah Avenue
P.O.Box GP 401
Accra
Tel: 030 2666331 – 5
Email: merbanservices@merbangh.com

NTHC HORIZON FUND

Martco House, Adabraka
P.O Box KIA 9563
Airport
Accra
Tel: 030 2238492 - 3/235814-5
Fax: 030 2229975/240243
Email: nthc@ghana.com
Website: www.nthcghana.com

OMEGA EQUITY FUND

No. 45 West Airport Road
Airport Residential Area
P.O.Box CT 8818, Cantoments
Accra
Tel: 030 2734744
Fax: Email: info@omegacapital.com.gh
Website: www.omegacapital.com.gh

OMEGA INCOME FUND

No. 45 West Airport Road
Airport Residential Area
P.O.Box CT 8818, Cantoments
Accra
Tel: 030 2734744
Fax:
Email: info@omegacapital.com.gh
Website: www.omegacapital.com.gh

SAS FORTUNE FUND

14th Floor, World Trade centre
Independence Avenue
P.O Box KA 16446
Accra
Tel: 030 2251546 - 9 / 7011770
Fax: 030 22515650-1/7010774
Email: info@sasghana.com
Website: www.sasghana.com

SIRIUS OPPORTUNITY FUND

Suite No. G023, Christman House
Airport Residential Area
P.O Box CT 6382, Cantonments
Accra
Tel: 030 2777328
Fax:
Email: info@siriuscapitalgh.com
Website: www.siriuscapitalgh.com

Unit Trusts

EDC FIXED INCOME FUND

NO. 5, 2nd Ridge Link
North Ridge
P. O. AN 16746
Accra
Tel: 030 2251727
Fax: 030 2251734
Email: edc@ecobank.com
Website: www.ecobank.com

EM BALANCED UNIT TRUST

No. 217 Osu Badu Lane
Airport West, Accra
PMB CT 243 Cantonments
Accra
Tel: 030 2764214/764216
Fax: 030 22764223
Email: info@emcapitalpartners.com
Website: www.emcapitalpartners.com

FREEDOM FUND UNIT TRUST

Chez Julie Plaza, Community 10
P.O Box CS 8876
Tema
Tel: (233-303) 301486
Fax: (233-303) 301487
Email: info@libertygh.gocm
Website: www.libertygh.com

GOLD FUND UNIT TRUST

5 Mozambique Link
Opp. Royal Netherlands Embassy
P.O Box GP 14198
Accra
Tel: 030 2256342/3
Fax: 030 2256344
Email: info@gcinvestments.com
Website: www.goldcoastsecurities.com

HFC EQUITY TRUST

6 Sixth Avenue, Ambassadorial Enclave
Ridge West
P O Box CT 4603, CANTONMENTS
Accra
Tel: 030 2664214/664203
Fax: 030 2664106
Email: isl@hfcbank-gh.com
Website: www.ghana.com.gh

HFC FUTURE PLAN TRUST

7 Sixth Avenue, Ambassadorial Enclave
Ridge West
P. O. Box CT 4603, CANTONMENTS
Accra
Tel: 030 2664214/664203
Fax: (233-302) 664106
Email: isl@hfcbank-gh.com
Website: www.ghana.com.gh

HFC REAL ESTATE INVESTMENT TRUST

8 Sixth Avenue, Ambassadorial Enclave
Ridge West

P. O. Box CT 4603, CANTONMENTS

Accra

Tel: 030 2664214/664203

Fax: 030 2664106

Email: isl@hfcbank-gh.com

Website: www.ghana.com.gh

MY WEALTH UNIT TRUST

IFS Capital Management Limited

37 Liberation Road

Opeibea House

Accra

Tel: 030 2766303

Fax: 030 2769305

Email: info@ifscapitalgh.com

Website: www.ifscapitalgh.com

HFC UNIT TRUST

9 Sixth Avenue, Ambassadorial Enclave
Ridge West

P. O. Box CT 4603, CANTONMENTS

ACCRA

Tel: 030 2664214/664203

Fax: 030 2664106

Email: isl@hfcbank-gh.com

Website: www.ghana.com.gh

RICHIE RICH UNIT TRUST

IFS Capital Management Limited

37 Liberation Road

Opeibea House

Accra

Tel: 030 2766303

Fax: 030 2769305

Email: info@ifscapitalgh.com

Website: www.ifscapitalgh.com

LEGACY UNIT TRUST

IFS Capital Management Limited

37 Liberation Road

Opeibea House

Accra

Tel: 030 2766303

Fax: 030 2769305

Email: info@ifscapitalgh.com

Website: www.ifscapitalgh.com

STANBIC CASH TRUST

Stanbic Investment Management Ltd.

Valco Trust Towers, Castle Road

P.O Box CT 2344, Cantonments

Accra

Tel: 030 2815789

Fax:

Email: customercare@stanbic.com.gh

Website: www.stanbic.com.gh

STANBIC INCOME FUND TRUST

Stanbic Heights
Plot 215, South Leberation Link.
Airport City, Accra
P.O Box CT 2344, Cantonments
Accra
Tel: 030 2815789
Fax:
Email: customercare@stanbic.com.gh
Website: www.stanbic.com.gh

UNISECURITIES UNIT TRUST

No. 455/2 Farrar Avenue
Asylum Down, Accra
P.O. Box GP 2637, Accra
Accra
Tel: 030 2233279
Fax:
Email: info@unisecuritiesghana.com
Website: www.unisecuritiesghana.com

Registrars

NTHC LIMITED

Martco House, Adabraka
P.O. Box KIA 9563
Airport
Accra
Tel: 030 2238492 - 3/235814-5
Fax: 030 2229975/240243
Email: nthc@ghana.com
Website: www.nthcghana.com

UNIVERSAL MERCHANT BANK LIMITED

Merban House
44 Kwame Nkrumah Avenue
P.O Box 401
Tel: 030 2666331/2/3/4/5 030 7011718
Email: feedback@myumbbank.com
Website: www.myumbbank.com

GHANA COMMERCIAL BANK LIMITED

Share Registry Office
High Street
Accra
Tel: 030 2663964
Email: corporateaffairs@gcb.com.gh
Website: www.gcb.com.gh

Trustees

FIDELITY BANK LIMITED

Ridge Towers
PMB Cantonments
Accra
Tel: 030 2214490
Tel: 030 2214490
Fax: 030 2678868
Email: info@myfidelitybank.net
Website: www.fidelitybank.com.gh

PRUDENTIAL BANK LIMITED

No. 8 Nima Avenue
Ring Road Central
PMB General Post Office
Accra
Tel: 030 2771284/770963/768386
Fax: 030 2768046
Email: info@prudentialbank.com.gh
Website: www.prudentialbank.com.gh

UNIVERSAL MERCHANT BANK LIMITED

Merban House
44 Kwame Nkrumah Avenue
P.O BOX 401
Accra
Tel: 030 26663331-6/ 030 7011718
Email: feedback@myumbbank.com
Website: www.myumbbank.com

VANGUARD ASSURANCE COMPANY LIMITED

No. 21 Independence Avenue
P.O.Box 1868
Accra
Tel: 030 2666485- 7/82921-2
Fax: 030 2668610
Email: vanguard@ghana.com
Website: www.vanguardassurance.com

Depository

CENTRAL SECURITIES DEPOSITORY (GHANA) LIMITED

4th Floor
Cedi House
Accra
Tel: 030 2689313/030 2689314
Fax: 030 2689315
Email: info@csd.com.gh
Website: www.csd.com.gh

Custodians

ACCESS BANK (GHANA) LIMITED

Starlets '91 Rd.
Opp. Accra Sports Stadium
P.O Box GP 353
Accra
Tel: 030 2673300
Email: info.ghana@accessbankplc.com
Website: www.accessbankplc.com/gh

AGRICULTURAL DEVELOPMENT BANK LIMITED

37 Independence Avenue
P.O Box 4191
Accra
Tel: 030 2770403/762104/784394
Fax: 030 2784893/770411
Email: customercare@agricbank.com/ adweb@agricbank.com
Website: www.agricbank.com

ARB APEX BANK LIMITED

No. 5, 9th Road, Gamel Abdul Nasser Avenue
P.O. Box GP 20321
South Ridge
Accra
Tel: 030 2772260
Email: apex@arbapexbank.com
Website: www.arbapexbank.com

CAL BANK LIMITED

23 Independence Avenue
Ridge
P. O. Box 14596
Accra
Tel: 030 22680061
Email: info@calbank.net
Website: www.calbank.net

ECOBANK GHANA LIMITED

19th Seventh Avenue
Ridge West
PMB, General Post Office
Accra
Tel: 030 2230061
Email: ecobankgh@ecobank.com
Website: www.ecobankghana.com.gh

FIDELITY BANK LIMITED

Ridge Towers, Ridge
PMB 43
Cantonments
Accra
Tel: 030 2214490
Fax: 030 2678868
Email: info@myfidelitybank.net
Website: www.fidelitybank.com.gh

GUARANTY TRUST BANK (GHANA) LIMITED

25A Ambassadorial Enclave
Ridge
PMB CT 416
Cantonments
Tel: 030 2611560,677704
Fax: 030 2662727
Email: gh.corporateaffairs@gtbank.com
Website: www.gtbghana.com

HFC BANK LIMITED

35, Six Avenue
North Ridge
Accra
Tel. 030 2242090-4
Fax.030 2242095
Email. hfcomp@hfcbank.com.gh
Website: www.hfcbank.com.gh

NATIONAL INVESTMENT BANK LIMITED

37 Kwame Nkrumah Avenue
P.O BOX GP 3726
ACCRA
Tel: 030 2661701 - 10
Fax: 030 2661730/673124/673114
Email: info@nib-ghana.com
Website: www.nib-ghana.com

PRUDENTIAL BANK LIMITED

No. 8 Nima Avenue
Ring Road Central
PMB GPO
ACCRA
Tel: 030 2781200-7
Fax: 030 2781210
Email: info@prudentialbank.com.gh
Website: www.prudentialbank.com.gh

SG-SSB BANK LIMITED

C796 A/3 Asylum Down
Ring Road Central
P. O. Box 13119, ACCRA
Tel: 030 2221726/2221711
Email: sgghana.info@socgen.com
Website: www.societegeneral.com.gh

STANBIC BANK GHANA LIMITED

Stanbic Heights
Plot 215, South Leberation Link.
Airport City, Accra
P.O. Box CT 2344
Cantonments
Accra
Tel: 030 22687670
Email: stanbicghana@stanbic.com.gh
Website: www.stanbic.com

Custodians continued

STANDARD CHARTERED BANK GHANA LTD.

High Street
P.O. Box 768
Accra
Tel: (233-302)664591
Email: call-center.gh@sc.com
Website: www.standardchartered.com

UT BANK GHANA LIMITED

25B Manet Towers
Airport City
P.O Box GP14776
Accra
Tel: (233 -020) 2114848
Email: enquiries@utbankghana.com
Website: www.utbankghana.com

UNITED BANK FOR AFRICA (GHANA) LIMITED

Heritage Towers
Accra
Tel: (233-302) 689511
Fax; (233-302) 683526-30
Toll free: 0 800 100 35
Website: www.ubagroup.com/countries/gh

ZENITH BANK (GHANA) LIMITED

Premier Towers
Liberia Road
PMB CT 393
Accra
Tel: (233-302) 611500, 0800 10100
Email: info@zenithbank.com.gh
Website: www.zenithbank.com.gh

UNIVERSAL MERCHANT BANK LIMITED

Merban House
44 Kwame Nkrumah Avenue
P.O Box 401
Accra
Tel: (233- 302) 666331/2/3/4/5 (233) 30
7011718
Email: feedback@myumbbank.com
Website: www.myumbbank.com

Broker -Dealer transactions in listed equities As at December 31, 2013

	BROKER -DEALER	TOTAL TRANSACTIONS		CLIENTS				MARKET SHARE % (BY VALUE)	MARKET SHARE % (BY VOLUME)
		Value (GHC)	Volume	New clients	Institutions	Individuals	Domestic	Foreign	
1	African Alliance Securities Ltd.	157,200,000.00	60,000,000.00	49	150	222	238	134	17.3
2	Bullion Securities Ltd. *	-	-	0	0	0	0	0	0.0
3	Cal Brokers Ltd.	15,983,368.20	14,048,535.00	1161	60	931	967	24	1.8
4	CDH Securities Ltd.	2,399,521.82	2,072,379.00	38	10	3169	3179	0	0.3
5	Chapel Hill Denham Securities Ltd	10,591,519.24	14,671,941.00	35	2	46	42	6	1.2
6	Databank Brokerage Ltd	225,131,855.63	111,155,899.00	767	85	385	430	40	24.7
7	EDC Stockbrokers Ltd	43,366,586.00	23,326,293.00	583	38	587	606	19	4.8
8	First Atlantic Brokers Ltd	11,269,449.72	6,136,893.00	83	29	180	195	14	1.2
9	FirstBanc Brokerage Ltd	1,583,130.90	947,174.00	65	22	273	293	2	0.2
10	GFX Securities Ltd*	-	-	0	0	0	0		0.0
11	GN Investments Ltd	12,695,995.66	6,022,835.00	628	22	767	789	0	1.4
12	HFC Brokerage Services Ltd	106,304,800.58	177,338,042.00	232	82	1241	1238	85	11.7
13	IC Securities (Gh) Ltd	137,016,321.74	56,595,844.00	39	41	352	367	26	15.0
14	Liberty Securities Ltd	240,698.18	417,874.00	14	2	26	28	0	0.0
15	Merban Stockbrokers Ltd	17,792,099.77	29,160,955.00	574	232	4224	4453	3	2.0
16	New World Securities Ltd	12,323,163.41	6,790,183.00	44	30	75	88	17	1.4
17	NTHC Securities Ltd	53,711,531.41	19,532,022.00	1789	104	1943	2004	43	5.9
18	Prudential Stockbrokers Ltd	3,409,383.37	5,957,401.00	146	2	1046	0	1048	0.4
19	SBG Securities Ghana Ltd	64,458,879.69	66,942,593.00	438	56	382	395	43	7.1
20	SIC Brokerage Ltd	30,940,156.00	21,752,050.00	161	36	237	262	11	3.4
21	Strategic African Securities Ltd	4,399,298.00	2,406,686.00	115	17	227	217	27	0.5
22	Worldwide Securities Ltd.	108,762.66	217,144.00	2	2	14	15	1	0.0
	TOTAL	910,926,521.98	625,492,743.00	6,963	1,022	16,327	15,806	1,543	100.0

* Licensed but not trading on the Ghana Stock Exchange

C. Table 2 Funds under management as at December 31, 2013- Investment Advisors

			Portfolio Allocation			Clients				Market Share %		Redemptions
			Equity	Bond	Money Market (%)	Others* (%)	Institutions	Individuals	Domestic	Foreign	Market Share %	
1	All-Time Capital Ltd.	62,961,806.30	0.1	72	27.13	0.79	111	957	1068	0	2.7	65,353,791.88
2	Apex Capital Partners Ltd.	6,948,563.00	0	0	100	0.2	17	311	328	0	0.2	3,931,887.00
3	ASN Investments Ltd.	24,601,966.90	0	49	51	0	14	35	49	0	0.5	4,381,118.56
4	Aureos Ghana Advisors Ltd.	-	0	0	0	0.0	0	0	0	0	0.0	0
5	Black Star Advisors Ltd.	1,930.60	42.59	0	57.41	0.0	2	0	2	0	0.0	36,264.35
6	Boulders Advisors Ltd.	-	0	0	0	0	0	0	0	0	0.0	0
7	Brooks Asset Management Ltd.	32,155,706.78	0	55.89	44.1	0	70	479	549	0	0.9	0
8	CAL Asset Mgt Co. Ltd.	84,214,106.45	2.64	0.21	96.88	0.27	118	18	136	0	3.7	0
9	Canal Capital Ltd.	-	0	0	0	0	0	0	0	0	0.0	0
10	Capstone Capital Ltd.	7,693,716.00	0	20.81	71.85	7.33	5	6	10	1	0.2	427,820.54
11	CDH Asset Management Ltd.	52,576,289.83	0.95	3.2	87.5	8.35	46	815	861	0	3.8	50,076,836.23
12	Chapel Hill Denham Securities Ltd.	-	0	0	0	0	0	0	0	0	0.0	-
13	Cidan Investments Ltd.	3,991,278.00	41.4	0	44.88	13.72	30	92	68	54	0.3	1,399,865.00
14	Constant Capital Partners Ltd.	-	0	0	0	0	0	0	0	0	0.0	-
15	Cornestone Capital Advisors Ltd.	835,547.91	1	68.67	28.7	1.63	3	4	7	0	0.0	-
16	Databank Asset Mgt Ser. Ltd.	88,711,976.00	36.28	5.36	58.31	0.05	92	140	232	0	8.5	18,161,953.00
17	EDC Investments Ltd.	59,213,402.92	15	6.31	78.69	0	78	37	115	0	4.6	41,849,408.11
18	EM Capital Ltd.	21,179,071.59	0	0	100	0	16	36	52	0	0.5	0
19	Emerging Markets Asset Managers Ltd.	-	-	-	-	-	-	-	-	-	0.0	-
20	Fidelity Securities Ltd.	50,843,271.25	0	24.97	75.04	0	17	108	125	0	1.6	56,731,596.60
21	First Atlantic Asset Mgt. Ltd.	-	-	-	-	-	-	-	-	-	0.0	-
22	FirstBanc Financial Serv. Ltd.	164,344,698.62	0.56	0	99.44	0	54	148	201	1	3.6	79,917,167.35
23	Frontline Capital Advisors Ltd.	26,055,153.56	16.04	40.3	43.67	0	26	21	47	0	0.7	120,217.93
24	Galaxy Capital Ltd.	1,841,900.00	0	0	100	0.0	4	5	9	0	0.0	-
25	Gateway Wealth Management Ltd.	44,500.00	49	0	51	0	0	3	3	0	0.0	80,000.00
26	Glico Financial Services Ltd.	6,745,055.00	0.2	0	35.7	64	10	68	78	0	0.4	0
27	Global Investment and Financial Services Ltd.	1,725,860.00	0	0	100	0	0	74	74	0	0.0	1,116,618.65
28	Gold Coast Securities Ltd.	407,023,563.00	0	0	93.4	6.6	1348	21,980	23,324	4	13.9	217,243,726.34
29	Great Africa Securities (Ghana) Ltd.	-	0	0	0	0	0	0	0	0	0.0	-
30	Grofin Ghana Ltd..	-	0	0	0	100	42	0	42	0	16.9	-
31	HFC Investment Services Ltd.	37,556,777.58	0.66	13.07	83.12	3.15	57	340	397	0	2.1	25,095,496.62
32	HMI Management Services Ltd.	1,272,809.96	0	0	22	78	3	16	19	0	0.0	151,410.03
33	IC Asset Management Ltd.	42,364,618.39	3.17	16.07	80.75	0	23	0	23	0	2.1	1,248,622.54
34	IFS Capital Ltd.	7,100,723.39	0.31	0	99.7	0	13	131	144	0	0.4	3,640,848.33
35	IGS Financial Services Ltd.	25,131,964.99	2.59	0	96.74	0.66	35	472	507	-	0.8	10,807,152.61
36	Jacana Partners Ltd.	0.00	-	0	0	100	9	0	8	1	1.7	4,392,115.00
37	* JCS Investment Ltd.	-	-	-	-	-	-	-	-	-	-	-
38	* Jos Securities Ltd.	-	-	-	-	-	-	-	-	-	-	-

* Licensed but operation not started

C. Table 2(b) **Funds under management as at December 31, 2013-** Investment Advisors

		Total Funds Under Management (GH¢)			Portfolio Allocation			Clients					
	Investment Advisor	Total funds mobilized(GH)			Capital Market (%)	Money Market (%)	Others* (%)	Institutions	Individuals	Domestic	Foreign	Market Share %	
					Equity	Bond						Redemptions	
39	Kron Capital Ltd.	2,450,000.00	5,650,000.00	53.10	0	26.3	10.5	1	9	10	0	0.1	880,400.00
40	Lifeline Asset Management Ltd.	2,008,442.00	1,447,195.26	-	0	100	0	15	1456	1471	0	0.0	627,441.90
41	Liberty Asset Management Ltd.	71,564,237.54	95,131,609.19	-	0	100	0	41	669	710	0	2.1	21,525,468.90
42	McOttley Capital Limited	4,080,731.70	3,976,669.97	-	81		19	5	121	126	0	0.1	391,868.71
43	Merban Invest. Holdings Ltd.	122,529,596.46	203,837,455.49	3.18	11.73	85.1	0	956	8,537	9,492	1	4.6	275,564,315.95
44	Mec-Ellis Investments Gh. Ltd.	6,149,470.10	9,506,551.53	-	20	50	30	8	93	101	0	0.2	690,849.10
45	NDK Asset Management Ltd.	27,598,634.39	43,877,794.09	-	0	100	0	11	76	87	0	1.0	8,275,502.31
46	New Gen. Invest. Serv. Ltd.	13,408,137.00	16,678,435.00	0.65	0	83.06	16.28	83	233	316	0	0.4	6,918,355.79
47	New World Asset Management Ltd.	1,537,643.63	1,650,915.91	5.84	0	94.16	0	11	0	11	0	0.0	80,973.14
48	NTHC Ltd.	74,623,593.08	176,629,942.46	-	0	21.59	78.4	308	9,483	9,505	286	4.0	59,409,897.68
49	Oasis Capital Ltd.	-	30,582,500.00	24.03	75.97	0	0	8	0	6	2	0.7	-
50	Omega Capital Ltd.	11,582,246.28	14,777,091.40	1.00	0	97	1	30	106	136	0	0.3	2,185,164.01
51	Parkstone Capital Ltd	21,842.00	21,842.00	-	0	100	0	3	12	15	0	0.0	-
52	Prestige Capital Ltd.	46,017,169.27	41,517,064.54	-	20.31	79.68	0	32	106	138	0	0.9	4,500,104.73
53	Prudential Securities Ltd.	7,818,105.35	9,442,328.27					16	311	327	0	0.2	
54	QFS Securities Ltd.	5,025,982.39	5,244,484.61	1.41	75.04	20.3	3.14	38	153	191	0	0.1	11,028,333.07
55	Renaissance Africa Group Ltd.	-	-	-	0	0		13	0	13	0	0.0	-
56	SAS Investment Management Ltd.	9,827,609.78	20,796,475.65	20.50	0	79.5	0	76	1,487	1,552	11	0.5	4,427,566.71
57	SDC Capital Ltd.	15,409,077.64	14,257,567.51	0.14	0	99.86	-	26	245	271	0	0.3	8,725,950.69
58	SEM Capital Mgt Ltd.	2,943,219.89	16,519,249.14	3.10	2.05	94.7	0.15	37	185	208	14	0.4	3,640,738.91
59	Serengeti Capital Ltd.	0	0	-	0	0	0	0	0	0	0	0.0	-
60	SIC Financial Services Ltd.	94,792,131.19	266,484,950.89	19.66	22.64	51.16	6.54	149	345	494	0	6.0	54,071,133.40
61	Sirius Capital Ltd.	9,636,055.00	10,541,149.00	-	0	100	0	11	46	57	0	0.2	588,591.00
62	Soroma Capital Ltd.	0.00	6,015,342.50	-	0	0	100	1	0	0	1	0.1	3,058,250.00
63	Stanbic Invest. Mgt Serv. Ltd.	102,201,453.55	141,449,200.76	4.82	0	95.11	0	79.00	6	64	21	3.2	44,564,384.55
64	Star Asset Management Ltd.	371,987.57	452,300.00	-	0	100	0	3	21	24	0	0.0	26,523.62
65	Temple Investments Ltd.	115,000.00	115,000.00	-	0	100	0	1	1	2	0	0.0	-
66	Unisecurities Ltd.	144,365,846.27	192,440,154.00	0.15		83.75	17.1	40	68	106	2	4.3	110,543,171.02
67	Verit Investment Advisory Services Ltd.	370,023.84	495,783.00	-	0	100	0	2	1	3	0	0.0	-
68	Wealth Management Ltd.	755,000.00	1,409,541.67	-	14.4	11.6	74	18	2	20	0	0.0	532,125.08
69	Wealth Vision Financial Services Ltd.	5,745,772.30	7,026,024.39	0.44	0	94.56	0	9	28	37	0	0.2	4,315,845.30
70	Weston Capital Ltd	921,317.00	921,317.00	-	0	100	0	2	2	4	0	0.0	-
71	Worldwide Securities Ltd.	0	0	-	0	0	0	0	0	0	0	0.0	-
TOTAL		2,001,006,583.24	4,462,403,422.72	5.65	11.22	58.82	10.93	4,277	50,099	53,977	399	100.0	1,212,736,872

C. Table 3 Performance of Collective Investment Schemes in 2013

MUTUAL FUND	MANAGER OF SCHEME	NET ASSET VALUE	NO. OF SHAREHOLDERS	SCHEME PERFORMANCE (Annualized Yield %)
1 All-time Bond Fund	All-time Capital Ltd	162,367.39	28	32.59
2 Anidaso Mutual Fund	New Generations Investment Ser. Ltd	1,676,702.00	1,231	86.61
3 CM Fund	SDC Brokerage Ltd	1,438,802.78	1,583	66.57
4 Christian Community Mutual Fund	Black Star Advisors	445,444.50	1,548	51.87
5 Databank Ark Fund	Databank Asset Mgt Serv.Ltd	3,961,071.33	3,973	46.53
6 Databank Balanced Fund	Databank Asset Mgt Serv.Ltd	9,835,600.83	6,400	52.76
7 Databank Money Market Fund	Databank Asset Mgt Serv.Ltd	104,384,467.59	56,980	22.87
8 Databank Educational Fund*	Databank Asset Mgt Serv.Ltd	-	-	-
9 EPACK Investment Fund	Databank Asset Mgt Serv.Ltd	95,048,789.21	77,808	82.70
10 EDC Kiddi Fund Mutual Fund	EDC Investment Ltd	643,639.71	2,094	25.23
11 EDC Ghana Balanced Fund	EDC Investment Ltd	17,939,113.46	10,235	45.32
12 First Fund	FirstBanc Financial Services	12,992,907.50	6,901	34.58
13 Gold Money Market Fund	Gold Coast Fund Management Ltd	3,884,348.25	1,426	25.34
14 Heritage Fund	FirstBanc Financial Services	863,591.47	1,713	58.06
15 NTHC Horizon Fund	NTHC Ltd.	1,836,320.39	1,209	35.16
16 Omega Equity Fund	Omega Capital Ltd	243,579.03	115	0.21
17 Omega Income Fund	Omega Capital Ltd	196,009.42	161	20.72
18 SAS Fortune Fund	Strategic African Securities Ltd	2,604,983.48	1,628	89.20
19 Merban Fund	Merban Investment Holdings Ltd	587,918.47	462	0.74
20 Sirius Opportunity Fund	Sirius Capital Ltd	417,541.77	243	5.52
TOTAL		259,163,198.58	175,738	782.6

UNIT TRUST	MANAGER OF SCHEME	NET ASSET VALUE	NO. OF SHAREHOLDERS	SCHEME PERFORMANCE (Annualized Yield %)
1 EDC Ghana Fixed Income Unit Trust	EDC Investment Ltd	5,393,393.49	2,746	23.95
2 EM Balanced Unit Trust	EM Capital Partners Ltd.	191,067.00	182	16.6
3 Freedom Fund Unit Trust	Liberty Capital Gh. Ltd	373,396.90	449	54.43
4 Gold Fund Unit Trust	Gold Coast Securities Ltd	4,593,781.48	2,577	50.79
5 HFC REIT	HFC Investment Services Ltd	27,921,908.62	4,155	23.01
6 HFC Equity Trust	HFC Investment Services Ltd	5,504,886.64	2,835	70.43
7 HFC Future Plan Trust	HFC Investment Services Ltd	3,283,264.63	1,169	31.37
8 HFC Unit Trust	HFC Investment Services Ltd	44,951,389.56	21,281	23.07
9 Stanbic Income Trust	Stanbic Investment Management Serv. Ltd	6,036,830.89	780	22.31
10 Stanbic Cash Trust	Stanbic Investment Management Serv. Ltd	3,980,728.75	405	23.51
11 Legacy Unit Trust	IFS Capital Management Ltd	230,384.43	100	20.4
12 Richie Rich Unit Trust	IFS Capital Management Ltd	119,492.35	57	19.20
13 MyWealth Unit Trust	IFS Capital Management Ltd	624,777.03	280	19.80
TOTAL		103,205,301.77	37,016	398.86
GRAND TOTAL		362,368,500.35	212,754	35.80

C. Table 3(b) Performance of Collective Investment Schemes in 2013

Name of Scheme	Amount mobilized in 2013 (GHC)	Share of Total Amount mobilized (%)	Total amount of Redemption	Share of Total Amount Redeemed (%)	Net Subscription/ Redemption	Share of Customer base (%)	Share of Total Net Asset Value (%)	Annualized Yield 2013 (%)	Annualized Yield 2012 (%)
MUTUAL FUND									
1 All-time Bond Fund	149,150.00	0.16	-	0.0	149,150.00	0.02	0.06	32.59	n/a
2 Anidaso Mutual Fund	356,876.00	0.39	323,106.00	0.4	33,770.00	0.70	0.65	86.6	22.2
3 CM Fund	744,039.98	0.82	127,768.72	0.1	616,271.26	0.90	0.56	66.57	25.4
4 Christian Community Mutual Fund	1,930.60	0.00	36,264.35	0.0	(34,333.75)	0.88	0.17	51.87	10.85
5 Databank Ark Fund	803,293.87	0.88	624,843.04	0.7	178,450.83	2.26	1.53	46.53	15.2
6 Databank Balanced Fund	3,362,009.32	3.68	1,467,782.08	1.7	1,894,227.24	3.64	3.80	52.76	16.34
7 Databank Money Market Fund	58,317,679.15	63.91	60,789,243.38	69.2	(2,471,564.23)	32.42	40.28	22.87	15.04
8 Databank Educational Fund		0.00		0.0	-	0.00	0.00	0	n/a
9 EPACK Investment Fund	11,013,645.84	12.07	13,927,611.27	15.9	(2,913,965.43)	44.28	36.68	82.7	17.37
10 EDC Kiddi Fund Mutual Fund	414,012.00	0.45	15,452.58	0.0	398,559.42	1.19	0.25	25.23	-0.11
11 EDC Ghana Balanced Fund	4,251,137.44	4.66	2,646,630.54	3.0	1,604,506.90	5.82	6.92	45.32	17.99
12 First Fund	8,650,316.34	9.48	4,283,209.98	4.9	4,367,106.36	3.93	5.01	34.58	32.73
13 Gold Money Market Fund	489,271.28	0.54	2,697,575.00	3.1	(2,208,303.72)	0.81	1.50	25.34	24.48
14 Heritage Fund	316,641.15	0.35	111,147.03	0.1	205,494.12	0.97	0.33	58.06	22.9
15 NTHC Horizon Fund	225,282.08	0.25	152,362.55	0.2	72,919.53	0.69	0.71	35.16	25.17
16 Omega Equity Fund	243,029.89	0.27	-	0.0	243,029.89	0.07	0.09	0.21	n/a
17 Omega Income Fund	190,001.83	0.21	-	0.0	190,001.83	0.09	0.08	20.72	n/a
18 SAS Fortune Fund	667,862.75	0.73	605,193.09	0.7	62,669.66	0.93	1.01	89.2	20.96
19 Merban Fund	580,226.51	0.64	-	0.0	580,226.51	0.26	0.23	0.7	n/a
20 Sirius Opportunity Fund	473,340.47	0.52	24,468.68	0.0	448,871.79	0.14	0.16	5.52	n/a
TOTAL	91,249,746.50	100	87,832,658.29	100	3,417,088.21	100.00	100	782.529	266.52

1 EDC Ghana Fixed Income Unit Trust	3,365,851.67	7.60	1,857,021.97	5.83	1,508,829.70	7.42	5.23	23.95	21.14
2 EM Balanced Unit Trust	170,289.45	0.38	-	0.00	170,289.45	0.49	0.19	16.59	n/a
3 Freedom Fund Unit Trust	103,244.36	0.23	36,101.06	0.11	67,143.30	1.21	0.36	54.43	13.94
4 Gold Fund Unit Trust	844,565.02	1.91	1,340,432.00	4.21	(495,866.98)	6.96	4.45	50.79	11.77
5 HFC REIT	12,338,543.33	27.85	7,947,154.80	24.94	4,391,388.53	11.22	27.05	23.01	22.87
6 HFC Equity Trust	1,814,840.16	4.10	644,812.46	2.02	1,170,027.70	7.66	5.33	70.43	29.62
7 HFC Future Plan Trust	1,141,834.43	2.58	398,533.22	1.25	743,301.21	3.16	3.18	31.37	18.19
8 HFC Unit Trust	17,811,524.42	40.20	16,254,320.93	51.01	1,557,203.49	57.49	43.56	23.07	13.24
9 Stanbic Income Fund Trust	1,584,170.51	3.58	1,455,017.36	4.57	129,153.15	2.11	5.85	22.31	16.02
10 Stanbic Cash Trust	4,283,610.34	9.67	1,882,133.61	5.91	2,401,476.73	1.09	3.86	23.51	n/a
11 Legacy Unit Trust	188,135.79	0.42	24,368.13	0.08	163,767.66	0.27	0.22	20.40	0
12 Richie Rich Unit Trust	109,295.65	0.25	-	0.00	109,295.65	0.15	0.12	19.20	0
13 MyWealth Unit Trust	550,436.89	1.24	25,731.64	0.08	524,705.25	0.76	0.61	19.80	0
TOTAL	44,306,342.02	100	31,865,627.18	100	12,440,714.84	100	100	398.86	146.79
GRAND TOTAL / AVERAGE	135,556,088.52	100	119,698,285.47	100	15,857,803.05	100	100	35.80	18.79

C. Table 3(c) Performance of Collective Investment Schemes in 2013

		Portfolio Allocation					Unit Price Dec 2013 (GH)	
Type of Scheme	Capital Market (%)	Money Market (%)	Others (%)	Net Asset Value (GHC)	Annual Running Cost	Cost Efficiency Ratio		
MUTUAL FUND								
1 All-time Bond Fund	Equity Fund	97	3	0	162,367.39	1,128.86	0.70	0.1091
2 Anidaso Mutual Fund	Equity Fund	66.38	33.62	0	1,676,702.00	52,464.00	3.13	0.4600
3 CM Fund Ltd	Equity Fund	21.3	72.7	7.2	1,438,802.78	88,452.77	6.15	0.4041
4 Christian Community Mutual Fund	Balanced fund	42.59	57.41	0	445,444.50	21,766.10	4.89	0.3168
5 Databank Ark Fund	Balanced fund	42.13	57.87	0	3,961,071.33	131,498.62	3.32	0.2532
6 Databank Balanced Fund	Balanced fund	42.38	57.62	0	9,835,600.83	259,855.68	3.00	0.2959
7 Databank Money Market Fund	Money Market Fund	0	100	0	104,384,467.59	1,496,354.04	1.43	0.4567
8 Databank Educational Fund		0	0	0	-	-	0.00	0
9 EPACK Investment Fund	Equity Fund	93.41	3.15	3.44	95,048,789.21	2,251,485.66	2.37	1.8813
10 EDC Kiddi Fund Mutual Fund	Balanced fund	23.99	76.01	0	643,639.00	16,528.14	2.57	0.1251
11 EDC Ghana Balanced Fund	Balanced fund	32.26	67.74	0	17,939,113.46	363,847.04	2.03	0.2698
12 First Fund	Money Market Fund	0	100	0	12,992,907.50	178,574.37	1.37	0.1967
13 Gold Money Market Fund	Money Market Fund	0	100	0	3,884,348.25	110,265.77	2.84	0.1568
14 Heritage Fund	Equity Fund	75	25	0	863,591.47	15,701.92	1.82	0.3557
15 NTHC Horizon Fund	Equity Fund	63.12	36.89	0	1,836,320.39	84,757.81	4.62	0.2668
16 Omega Equity Fund	Equity Fund	68	32	0	243,579.03	N/A	n/a	1
17 Omega Income Fund	Money Market Fund	100	0	100	190,001.83	216.49	0.11	1.0346
18 SAS Fortune Fund	Equity Fund	86.24	13.76	0	2,604,983.48	80,927.00	3.11	0.4346
19 Merban Fund	Money Market Fund	27.96	72.04	0	587,918.47	3,497.79	0.59	0.1007
20 Sirius Opportunity Fund	Money Market Fund	0	100	0	417,541.77	65,558.00	15.70	0.5700
TOTAL		881.76	1008.81	110.64	250,789,371.53	5,222,880.06	74.44	8.6879
UNIT TRUST								
1 EDC Ghana Fixed Income Unit Trust	Money Market Fund	0	100	0	5,393,393.49	93,824.05	1.74	1.3326
2 EM Balanced Unit Trust	Balanced fund	0	100	0	-	-	0.00	0.1000
3 Freedom Fund Unit Trust	Money Market Fund	6.93	76.9	0	373,396.90	24,473.40	6.55	0.1796
4 Gold Fund Unit Trust	Equity Fund	78.6	21.4	0	4,593,781.78	142,313.98	3.10	0.1787
5 HFC REIT	Real Estate Fund	28	33.48	38.8	27,921,908.62	688,228.00	2.46	1.5528
6 HFC Equity Trust	Equity Fund	76.7	23.3	0	5,504,886.64	122,869.00	2.23	0.3983
7 HFC Future Plan Trust	Balanced Fund	52.12	48.5	0	3,283,264.63	108,055.00	3.29	1.2367
8 HFC Unit Trust	Money Market Fund	28.34	71.66	0	44,951,389.56	867,937.76	1.93	0.2187
9 Stanbic Income Fund Trust	Money Market Fund	1.99	98.01	0	6,036,830.89	131,112.42	2.17	1.7105
10 Stanbic Cash Trust	Money Market Fund	0	100	0	3,980,728.75	83,312.08	2.09	1.2351
11 Legacy Unit Trust	Money Market Fund	0.42	99.58	0	230,384.43	17,398.29	7.55	0.1102
12 Richie Rich Unit Trust	Money Market Fund	0	100	0	119,492.35	14,925.85	12.49	0.1096
13 MyWealth Unit Trust	Money Market Fund	1.46	98.5	0	624,777.03	27,532.23	4.41	0.1099
TOTAL		274.56	971.33	38.8	103,014,235.07	2,321,982.06	50.02	8.4727
GRAND TOTAL /AVERAGE		35.04	60.00	4.53	353,803,606.60	7,544,862.12	3.77	0.52

Cost efficiency and performance of Collective Investment Schemes

	CIS	Annual Yield 2013	2012	Cost efficiency
1	All-time Bond Fund	32.59	n/a	0.70
2	Anidaso Mutual Fund	86.61	22.2	3.13
3	CM Fund	66.57	25.4	6.15
4	Christian Community Mutual Fund	51.87	10.85	4.89
5	Databank Ark Fund	46.53	15.2	3.32
6	Databank Balanced Fund	52.76	16.34	17.70
7	Databank Money Market Fund	22.87	15.04	1.43
8	Databank Educational Fund*	0	n/a	0.00
9	EPACK Investment Fund	82.7	17.37	2.37
10	EDC Kiddi Fund Mutual Fund	25.23	-0.11	2.57
11	EDC Ghana Balanced Fund	45.32	17.99	2.03
12	First Fund	34.58	32.73	1.37
13	Gold Money Market Fund	25.34	24.48	2.84
14	Heritage Fund	58.06	22.9	1.82
15	NTHC Horizon Fund	35.16	25.17	4.62
16	Omega Equity Fund	0.21	n/a	n/a
17	Omega Income Fund	20.72	n/a	0.11
18	SAS Fortune Fund	89.2	20.96	3.11
19	Merban Fund	0.74	n/a	0.59
20	Sirius Opportunity Fund	n/a	n/a	15.70
21	EDC Ghana Fixed Income Unit Trust	23.95	21.14	1.74
22	EM Balanced Unit Trust	16.59	n/a	0.00
23	Freedom Fund Unit Trust	54.43	13.94	6.55
24	Gold Fund Unit Trust	50.79	11.77	3.10
25	HFC REIT	23.01	22.87	2.46
26	HFC Equity Trust	70.43	29.62	2.23
27	HFC Future Plan Trust	31.37	18.19	3.29
28	HFC Unit Trust	23.07	13.24	1.93
29	Stanbic Income Fund Trust	22.31	16.02	2.17
30	Stanbic Cash Trust	23.51	n/a	2.09
31	Legacy Unit Trust	20.4	0	7.55
32	Richie Rich Unit Trust	19.2	0	12.49
33	MyWealth Unit Trust	19.8	0	4.41
	Total	1175.92	413.31	124.47
	AVERAGE	35.63	17.97	3.77

* Licensed but operation not started.

Capital Market Conference 2013

Speech

The role of the Securities and Exchange Commission in the development of the capital market

“A paper delivered by the Director-General of the Securities and Exchange Commission, Ghana, Adu A. Antwi at the Capital Market Conference.

Accra, May 8, 2013”

The views expressed in this paper are those of the author and do not necessarily represent those of the Securities and Exchange Commission.

INTRODUCTION

The capital market plays an important role in the economy in the raising of funds needed for economic growth and development. It is the segment of the financial market which facilitates the mobilization and allocation of medium and long-term funds through the issuance, purchase and trading of financial instruments. Such instruments, otherwise known as securities, include equities (shares) and bonds (corporate and government). While equities (shares) represent ownership stake in the issuing company, bonds are debt instruments with the principal and interest usually payable to the holder of the security at specific periods.

The capital market is made up of two inter-related segments. The primary market is the mechanism for raising funds through the issuance of new securities. The secondary market provides facilities for trading of already issued securities, thereby creating liquidity in the market.

As the source of long-term funds, the capital market is crucial to a nation's economic development. Specifically, it facilitates economic growth by, among other things, mobilizing savings from various economic units such as individuals, organisations and governments for users such

as private sector organisations, governments and public sector organisations. It also improves the efficiency of capital allocation through a competitive pricing mechanism.

The capital market undoubtedly provides an alternative source of funding for corporate entities, governments and their agencies. It also gives a country a level of financial independence to plan for its own economic growth. It provides investors with alternative investment opportunities for wealth creation thereby serving as an effective and efficient vehicle for mobilizing adequate national savings for development. Massive national public involvement in the capital market creates a positive national wealth-effect which tends to reduce poverty and effectively links the informal sector to the formal sector of the national economy.

The Functions of the Securities and Exchange Commission

The Securities and Exchange Commission (SEC) is the apex regulatory body for the Ghanaian capitalmarket. Established by the Securities Industry Act, 1993 (PNDCL 333) as amended by the Securities Industry (Amendment) Act, 2000 (Act 590), the SEC is given regulatory, investor protection and market development mandates.

The various functions provided for the SEC by PNDCL 333 as amended are all geared towards the development of the market. Section 9 (i) of PNDCL 333 as amended, specifically charges the SEC to create the necessary atmosphere for the development of the capital market.

Initiatives or Programmes of the SEC To develop the market

In fulfilment of its mandate to create the necessary atmosphere for the development of the capital market, the SEC has undertaken and continues to undertake initiatives or programmes aimed at developing the Ghanaian capital market.

Discussed below are some of the initiatives or programmes.

Promotion of collective investment schemes

In 2000, the SEC having realised that investing in the stock market was considered by the ordinary Ghanaian as a preserve for the elite, promoted the operations of collective investment schemes (mutual funds and unit trusts) in the Ghanaian capital market. The introduction of these schemes created the necessary basis for a positive development in the mobilization of savings and further development of the capital market.

Currently there are 30 licensed schemes (18 mutual funds and 12 unit trusts) operating in the country with funds under management of Ghc274,457,564.84 as at the end of March 2013.

Policy advice on divestiture of State Owned Enterprises

The SEC with other stakeholders had engaged government on major policy issues affecting the development and deepening of the capital market. Among them had been policy issues on privatization of state owned enterprises (SOE's) and the development of the bond market. The Commission was represented on a committee to advise government on the role of divestiture and privatization of government assets.

The work of the group enabled government to adopt a policy framework in favour of public share issue privatization as the preferred method in government's divestiture programme. This implies using the Ghana Stock Exchange as the main medium of divesting state assets with the fundamental objective of deepening the capital market and broadening the local investor base of the Ghanaian economy.

Many countries particularly the emerging economies such as Malaysia, Singapore, China and India have consciously used strategies such as privatization of state owned enterprises through the stock market to get a sizable proportion of their citizenry directly involved in the capital market. Even though in Ghana some SOEs have been privatised through the GSE, it has been argued that it has not been enough and therefore more privatisation through the GSE must be done.

It is hoped that the Agricultural Development Bank, Ghana Re, National Investment Bank and other SOEs to be privatised in the future will be done through the GSE. In this regard, it is gratifying to note that the government intends to list its Gas Company on the GSE in the near future.

Investor/Public Education

Capital markets can hardly develop when all stakeholders are not well informed and educated to understand their functions, instruments/products and how they work to encourage investor participation on the stock market as well as investing in other securities, the SEC has since the beginning of operations mounted a well-targeted public education programme.

Director-General's Speech continued

Our education programme includes the publication of brochures, workshops, fora, and conferences for such target stakeholder groups such as parliamentarians, media practitioners / financial journalists; university and secondary school students, firms in the securities industry and the general public. In 2006 the SEC formally introduced the celebration of the "Securities Week", now the "Capital Market Week" devoted to intensive public education. The SEC has also introduced a quarterly newsletter to increase the knowledge and awareness of the capital market in Ghana by providing information to readers.

The overriding aim of the SEC's public education drive is to induce public and stakeholder understanding and participation in the market so as to improve its liquidity in terms of supply of securities/products and corresponding demand for them. The education is also meant to influence decision makers to continue to provide the right environmental mix and policy initiatives that will aid the development and growth of the market.

Our public education has recorded some successes in demystifying the capital market as the preserve of the rich and elite in society and also brought the capital market to the forefront of national economic development debate. The response to our public education stimuli is reflected in the growth and stability in our young market. Today, many Ghanaians who hitherto would not dream of investing in the capital market are doing or beginning to do so.

Promotion of Corporate Governance

The SEC recognizes the importance of corporate governance in ensuring investor confidence and growth of our capital market and has vigorously promoted the concept among both listed and private companies. In 2003 the SEC produced comprehensive guidelines on corporate governance for all issuers of securities to the

public as well as market participants and has also ensured that all listed companies and market operators continue to abide by them. This has been quite useful to listed and unlisted companies alike.

Being the forerunner of good corporate governance practices in the country, the SEC has taken and continues to take major steps to educate stakeholders on the importance of good corporate governance in the enhancement of corporate performance, productivity and image in the sight of customers, financiers and especially investors. It has organized workshops on the subject for directors of boards, chief executive officers, auditors of listed companies, accountants and managers.

Advocacy role

The SEC has played and continues to play an advocacy role to direct government policy towards measures that will develop the capital market. It is gratifying to note that the government has responded positively to some of the SEC's proposals, including:

- Exempting Collective Investment Schemes from income tax
- Exempting investors in Collective Investment Schemes from dividend tax
- Extending the tax holiday period for the GSE
- Granting tax rebate for listed companies
- Extending the capital gains tax waiver period on listed securities
- Exempting Collective Investment Schemes from paying VAT on financial services they receive

I want to take this opportunity to, on behalf of the SEC, thank the government for these waivers, and as Oliver Twist, ask for more as we have made other similar proposals which we hope will help develop our market.

Committee on market development

A market development committee with representatives from the SEC, GSE and the Ghana Securities Industry Association has been set up to facilitate market development. It is charged among other things to:

- Facilitate more listings on the Ghana Stock Exchange
- Explore the introduction of new products
- Promote the development of the Bond Market (working with the NBMWC)
- Develop strategies to improve liquidity on the stock exchange

The Committee had made contacts with, and had discussions with some government institutions, namely Agricultural Development Bank, Ghana Re, Ghana Water Company, State Housing Company, Electricity Company of Ghana, Ghana Airports Authority, Volta River Authority, Ghana Grid Company and Cocobod on using the Ghana Stock Exchange to raise capital (equity or debt). The Committee plans to meet with all the un-listed banks in the country as well as the un-listed companies under the Club 100 list to encourage them to use the GSE to raise funds for their operations through the issue of either equity or bonds.

Establishment of the Ghana Alternative Exchange

The SEC with financial support under the Government's Economic Management Capacity Building (EMCB) programme undertook a study of the Over the Counter Market and feasibility into the establishment of an alternative investment market. After these studies, the SEC has worked together with the GSE to establish the Ghana Alternative Exchange (GAX). 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. The market will be launched soon by the GSE.

The GAX platform has many incentives, and will for instance, allow companies with as low as fifty (50) shareholders or a minimum capitalization to raise capital on the market and use the capital 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.

Promotion of Exchange Traded Funds

Recognising the need to improve the depth and width of the capital market in Ghana and to provide more investment variety for the investor in the Ghanaian capital market, the SEC has worked with the GSE to introduce on our market Exchange Traded Funds (ETFs).

The ETF traded on the GSE is the ABSA Capital's Newgold ETF, which is a Commodity ETF with gold as its underlying asset. It would continuously track gold prices and will allow investors to invest indirectly in gold bullion through the purchase of shares in the ETF. The Newgold ETF is also traded on the South Africa, Botswana and Nigeria markets. The ETF is expected to provide impetus for product innovation and market development in Ghana.

Review of the Securities Industry Law

The Securities Industry Act is being amended to bring it to international standards to enable the SEC to become an IOSCO "Signatory A" country and be able to sign IOSCO's Multilateral Memorandum of Understanding (MMoU).

The amendment of the law comes with the introduction of new operators like commodity

Director-General's Speech continued

exchanges, credit rating agencies, nominee accounts operators, hedge funds, private equity funds, and venture capital funds and bringing them under the regulations of the SEC. The review also involves the introduction of new market activities like market making, securities lending and borrowing, margin trading and financing and trading of derivative instruments to improve market liquidity.

The introduction of these new operators and products/activities will bring more sophistication and deepen the market.

Establishment of a Commodity Exchange

The SEC with financial support under the EMCB programme in 2010 commissioned a feasibility study into the establishment of a commodity exchange in Ghana. The SEC is currently working together with the Ministries of Trade and Industry, and Finance to establish the Ghana Commodity Exchange.

Establishment of the Ghana Investment and Securities Institute (GISI): Capacity Building for the market

Positioning Ghana's capital market as the preferred sub-regional destination for investment and raising of capital is key to the SEC's strategic vision. This will require capacity building of market operators through training, prescribed examinations and licensing, and adoption of best international practices among others.

The SEC with financial support under the EMCB programme commissioned a feasibility study into the establishment of a training institute for the industry. The SEC is working with the market to establish the Ghana Investment and Securities Institute (GISI). The aim of the Institute is to:

- Improve professional standards among securities industry practitioners in the Securities Industry in Ghana and bring Ghana up-to-date with international professional standards and best practices.
- Educate the investing public on issues relating to finance and the Securities Market in particular.

A committee is currently working on a plan to convert the current securities courses run by the GSE into courses of the Institute. The courses are to be developed further into what is recommended in the feasibility report on the institute when funding becomes available and physical structures for the Institute developed. GISI will be the training and certification institution for all capital market operators. It will also train directors and secretaries of public companies.

The SEC is also to set up an Information Resource Centre (IRC), which will provide a comprehensive range of services including those utilising the latest downstream applications in information technology.

Promotion of Real Estate Investment Funds

The SEC is currently developing rules for the operation of Real Estate Investment Funds (REIFs). The development of REIFs will create a strong link between the capital market and the real estate sector to help solve the housing deficit in the Country. It will also increase the variety of products on the market. When established, REIFs will be closed-end funds and be listed on the GSE, improving the number of listed companies on the exchange.

Promotion of Investment Clubs and Child Finance Clubs

The SEC is working to promote Investment Clubs in the country and educate their members on investment and securities. The SEC will develop and publish guidelines for Investment Clubs. Plans are also afoot to establish a Child Finance Club which will be internet based and targeted at pupils and students from upper primary to senior secondary schools. Members of the club will be educated on the importance of investing early in life. We advise parents to encourage their children to join the Club when launched.

Integration of West African Capital Markets

The SEC has played and will continue to play a key role in the integration of West African Capital Markets. The SEC has already signed Memoranda of Understanding with Nigeria SEC and Conseil Regional De'epargne Publique Et Des Marches Financiers (CREPMF), the regulator of the francophone market. A West African Capital Markets Integration Council (WACMIC) has been established and is working with its Technical Committees to achieve integration by the end of 2014. The SEC is represented on WACMIC and its technical committees.

Developing the Capital Market

Some Suggestions

To facilitate the development of the capital market I will like to make the following suggestions:

- Government should institute a Capital Market Local Content policy which will require companies operating in specified sectors of the economy to float part of their shares on the GSE after five years of their operations. These sectors

should include banking, insurance, mining, telecommunications, oil and gas, etc. This policy can be made part of our licensing requirements for such companies to operate. To make this policy fair, government should put its holdings in Vodafon, Airtel and other companies in these sectors on the GSE.

- Government should encourage state owned companies and statutory bodies to utilize the local bond market to raise capital for their operations. The Government should make it mandatory for such institutions to raise at least 25% of their loan requirement from the local bond market before sourcing for outside loans.

- Government should encourage well resourced local government authorities like Accra Metropolitan Assembly, Kumasi Metropolitan Assembly, Tema Metropolitan Assembly etc to issue municipal bonds to raise capital for their developmental projects.

- Government should consider financing the nation's infrastructural needs with private sector capital through the issue of infrastructure bonds. To isolate borrowings for infrastructural needs from government debts, it is suggested that government seeks partnership with international financial institutions to establish a well capitalised Infrastructure Development Company which will issue infrastructure bonds to finance the nation's infrastructural needs. The government may hold about 20% of such a company so that only that percentage of the debt of the company will be assigned to government in any analysis of government debts.

- Government should consider granting

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tax exemptions to retail investors (small individual investors) on their earnings (dividends/interest) on listed equities and bonds.

In the alternative:

Dividend or interest income of up to GhC200 earned by individual investors from listed securities should be exempted from tax. This will encourage individuals to invest in the capital market.

- For companies to operate efficiently, they need large amounts of capital. Currently companies that raise additional equity capital are required to pay a stamp duty of 0.05% on the amount raised. This increases the cost of raising equity capital. To encourage companies to raise equity capital through the stock exchange, the Government should waive the stamp duty on increase in stated capital or drastically reduce the rate for listed companies.

Making the SEC Efficient And Effective for its Role in Developing the Market

In recent years, the development of securities markets has received a great deal of attention among governments and development finance institutions. Countries at different levels of development are promoting the development of securities markets with the expectation that these efforts will pay off in terms of faster economic growth.

The Securities and Exchange Commission is currently on government pay-roll and has since its establishment been striving hard to be financially independent. The International Organisation of Securities Commissions (IOSCO) regards a securities regulator to be financially autonomous if it is not on government pay-roll.

Many reports on the financial market have commented on the negative effects of the Commission's lack of financial independence on its operations. For example a World Bank Aide Memoire issued in August 2010 stated as follows. "... In addition, SEC's independence as a regulator has been severely compromised by a cut and irregular disbursement in funding from the government"

The capital market in Ghana is fast over-growing the SEC in terms of the increasing number of market participants, sophistication and multiplicity of financial products and complex delivery of financial services to the public in tandem with developments on the global financial markets. This would require a well-resourced SEC with the capacity to regulate and supervise the market to avoid the spread of systemic risks and its attendant contagion effect on the entire national economy.

A recent institutional assessment of the SEC, leading to the development of a 5-year strategic plan, indicates that the SEC is indeed faced with various challenges. These include;

- In-sufficient financial resources to effectively monitor, supervise and regulate the capital market
- High level of attrition rate amongst its professional staff
- Inability to hire and retain well qualified professional staff to discharge effectively its statutory mandate and oversight of the securities market. The Commission is not able to hire without express permission from the Civil Service. This impairs the ability of the Commission to function under any emergencies.
- Lack of financial flexibility to facilitate

operations and motivate professional staff to encourage retention.

- In the light of the above, the SEC would like to make a special appeal to the government to provide it with adequate resources.

Conclusion

There is considerable evidence showing that one of the most important factors in determining how much material progress a society makes is its ability to maintain a vigorous capital market. Creating prosperity has largely been a matter of bringing together people who are prepared to invest capital with people who are able to use it to create wealth.

Capital markets have effectively been used to create wealth for the citizens provided majority of them actively participate in it. For example, in the USA it is estimated that about 90% of its citizens or over 60% of households are directly or indirectly investing in one or more capital market instruments

The SEC believes that the capital market in Ghana has reached the stage where its position in corporate finance needs to be better known. It should now take its rightful place in the financial sector of the economy.

Secondly, it is important to espouse the benefits of the capital market in wealth creation and national economic development and growth. Capital markets provide investment capital to well-established companies as well as to nascent

companies. The SEC believes that robust capital markets allow businesses and entrepreneurs to tap into the financial resources needed to increase output, invest in new technologies, fund research and development, build new factories, hire more workers, and exploit business opportunities.

By efficiently allocating capital to businesses that will best employ it, society benefits through increasing employment, more affordable goods and services for consumers, and increasing wealth. The capital market is really a key to economic growth and development.

THANK YOU



*Participants at the 1st Capital Market
Conference 2013*



SEC Staff in their newly outdoor corporate cloth

Useful contacts

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