



COUNTRY REPORT

IOSCO AMERC MEETING

FEBRUARY 2014

INTRODUCTION

The Securities and Exchange Commission (SEC) as the regulator of the capital market in Ghana, is charged with the responsibility of developing the securities market and enforcing the Securities Industry Act, 1993 (PNDCL 333), as amended, to ensure a free, fair and transparent securities market which protects investors. The staff strength at the end of 2013 was 58.

LICENSED MARKET OPERATORS

As at the end of 2013, the licensed market operators were made up of:

<u>Category</u>	<u>Number</u>
Broker Dealers	24
Investment Advisors (Advisory Only)	3
Investment Advisors (Fund Managers)	80
Primary Dealers	15
Mutual Funds	21
Unit Trusts	14
Exchange Traded Fund	1
Custodians	17
Trustees	2
Securities Depositories	1
Registrars	4
Stock Exchange	1
TOTAL	183

A total of 32 new applications were received and approved in 2013 as follows:

<u>Category</u>	<u>Number</u>
Investment Advisors (Fund Manager category)	24
Mutual Funds	3
Unit Trusts	3
Custodians	1
Trustees	1

ACTIVITIES

Initial Offers of Collective Investment Schemes

Four (4) Collective Investment Schemes were approved and launched in 2013. These were Siriu Opportunity Fund, Omega Income Fund, Omega Equity Fund, and EM Balanced Unit Trust.

Circulars and Notices

A Market Guidance Notice dated 1st November 2013 was issued to managers of Collective Investment Schemes. The notice 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 CIS offer document to the public.

Complaints and Investigations

The Commission conducted investigations into a number of complaints made against market operators by investors. Most of the complaints had to do with the nonpayment of redemption proceeds to clients. Almost all complaints received were resolved by the Commission by close of the year.

Market Development

i. Publication of Quarterly Newsletters

Quarterly newsletters which updated stakeholders on major developments at SEC and in the

industry were published during the year under review.

ii. Compliance and Capital Market Fora

During the year, the Commission organized two compliance and two capital market fora with the market. The fora which well-attended provided a platform where the regulator and market operators discussed issues of operational efficiency and market development.

iii. Outreach Programs

The Commission also organized a series of outreach programs dubbed “*An Evening with SEC*”. The aim of these programs was to create awareness of financing opportunities available on the capital market to industry groups, who could be potential issuers and also discuss other matters related to the development of the capital market. The SEC met with the Ghana Real Estate Developers Association (GREDA), CEOs and CFOs of listed companies as well as Auditors of licensee firms as part of this programme.

iv. Capital Market Week and Capital Market Conference

The Commission held its annual Capital Market Week in May 2013. The programme consisted of seminars held for various segments of the market, media appearances by senior staff of the SEC, and a health walk. The highlight of the week was a Capital Market Conference, the first of its kind to be held in Ghana, which brought together academics, think-tanks, market operators and the general public to discuss key issues affecting Ghana’s capital market. Representatives from Nigeria and Kenya attended the conference and made presentations.

iv. Automated Surveillance System and Regulatory Compliance Portal

The Commission continued to develop a Regulatory Compliance Portal for the capital market. After series of training sessions held for both staff of the Commission and market operators, the Regulatory Compliance Portal went live in October 2013 on a 3-month trial phase. During this phase, market operators were encouraged to file their submissions both electronically and manually. This was to enable them become familiar with the system while providing sufficient time for teething problems of the new system to be addressed.

FUNDS UNDER MANAGEMENT

Total funds under management as at September 30, 2013 amounted to GH¢ 3,795,068,473.68 compared to GH¢1,849,715,626.44 at the end of September 2012, an increase of 105%.

Of the total funds under management, Collective Investment Schemes funds amounted to GH¢324,587,249.82. Placement of funds in various instruments indicates a bias in favour of money market instruments as follows: (Note: these figures relate to discretionary funds only)

<u>Asset Class</u>	<u>Investment Amount Gh¢</u>	<u>% of Investment</u>
Capital Market	649,153,437.31	18.7%
Money Market	2,586,968,016.33	74.5%
Cash at Bank	55,917,217.95	1.6%
Others	178,442,551.95	5.1%

REGIONAL CO-OPERATION AND MARKET INTEGRATION

West African Capital Markets Integration

A West African Capital Markets Integration Council (WACMIC) made up of heads of capital markets regulators and stock exchanges in the sub-region was inaugurated in January 2013 to oversee the integration of the West African capital market. Two technical committees were formed to research and develop recommendations on trading, clearing and settlement issues on the one hand, and legal and regulatory issues on the other.

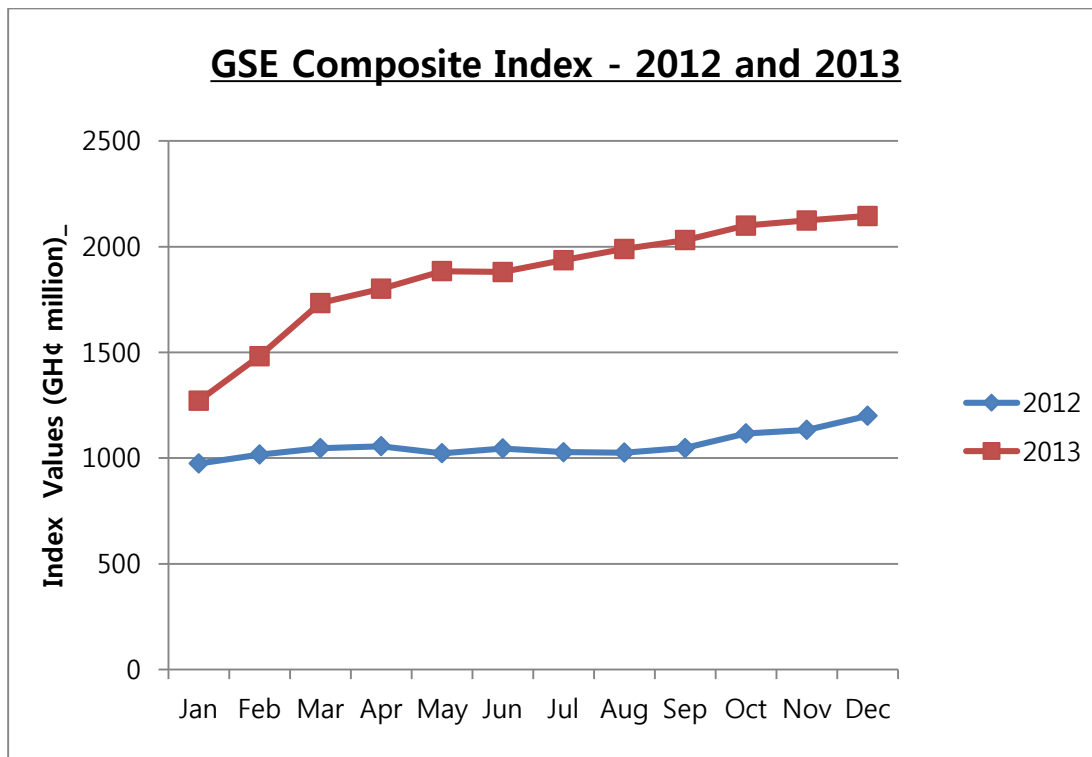
STOCK MARKET REVIEW

The Ghana Stock Exchange has been lauded as one of Africa's best performing stock markets in 2013. Closing the year with a GSE Composite Index (GSE-CI) value of 2,145.20, the Accra bourse returned a 56% and 79% profit respectively to investors in dollar and cedi terms. This compares favourably with last year (2012) when the market returned 4.07% and 23.81%

respectively to investors.

Total volumes and value traded were also significantly higher in 2013 than in 2012. Total value went up by as much as 251% from 2012 to 2013. However, the gains of the stock market were partly eroded by the 15% 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 controlled from the end of 2010 through 2011 and 2012, went back up into double digit figures in 2013, recording 13% in November, 2013.

Twenty (20) of the thirty four (34) listed equities witnessed price appreciation whilst seven (7) recorded losses by the end of the year. Seven (7) equities on the stock exchange traded flat throughout the period.



Market Capitalization

Market Capitalization rose by 6.8% from GH¢57,264 million in 2012 to GH¢61,158 million in 2013. This was as a result of a general 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, followed by the mining sector with 24.3% and the financial sector with 12.6%..

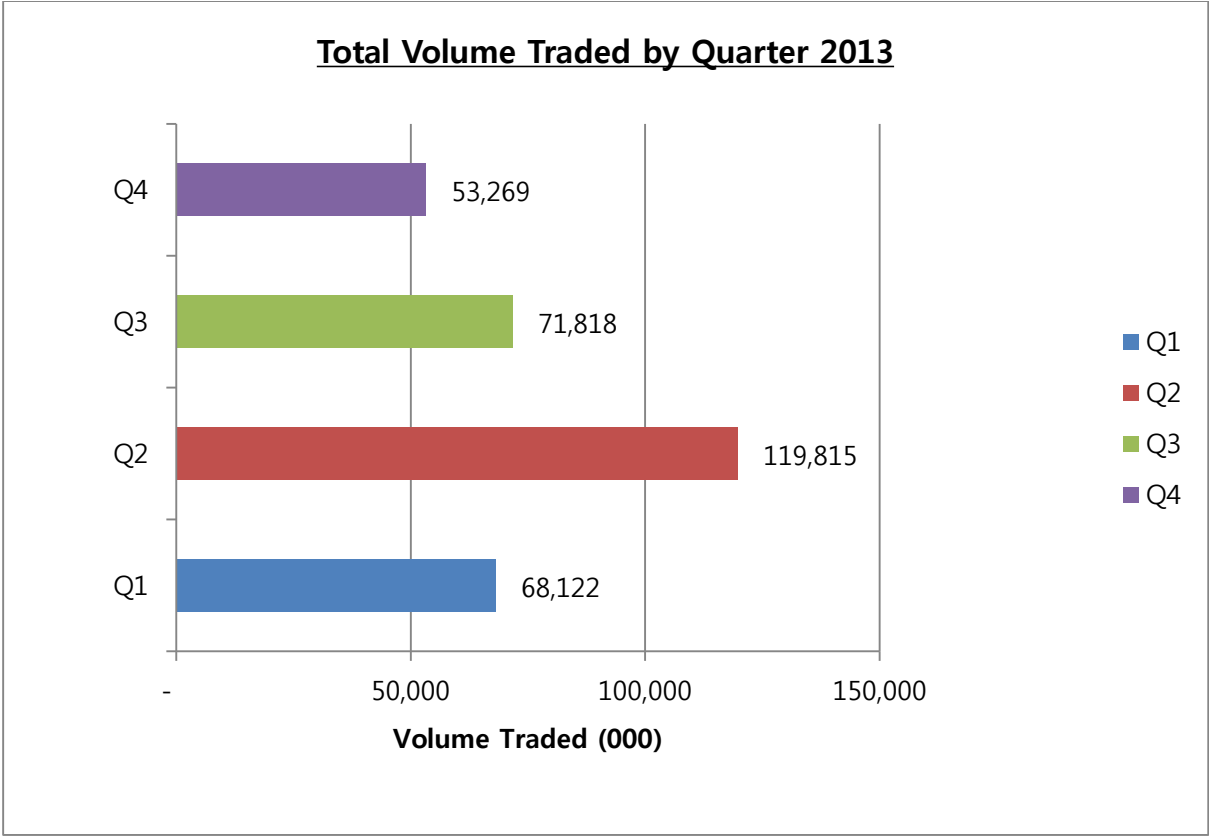


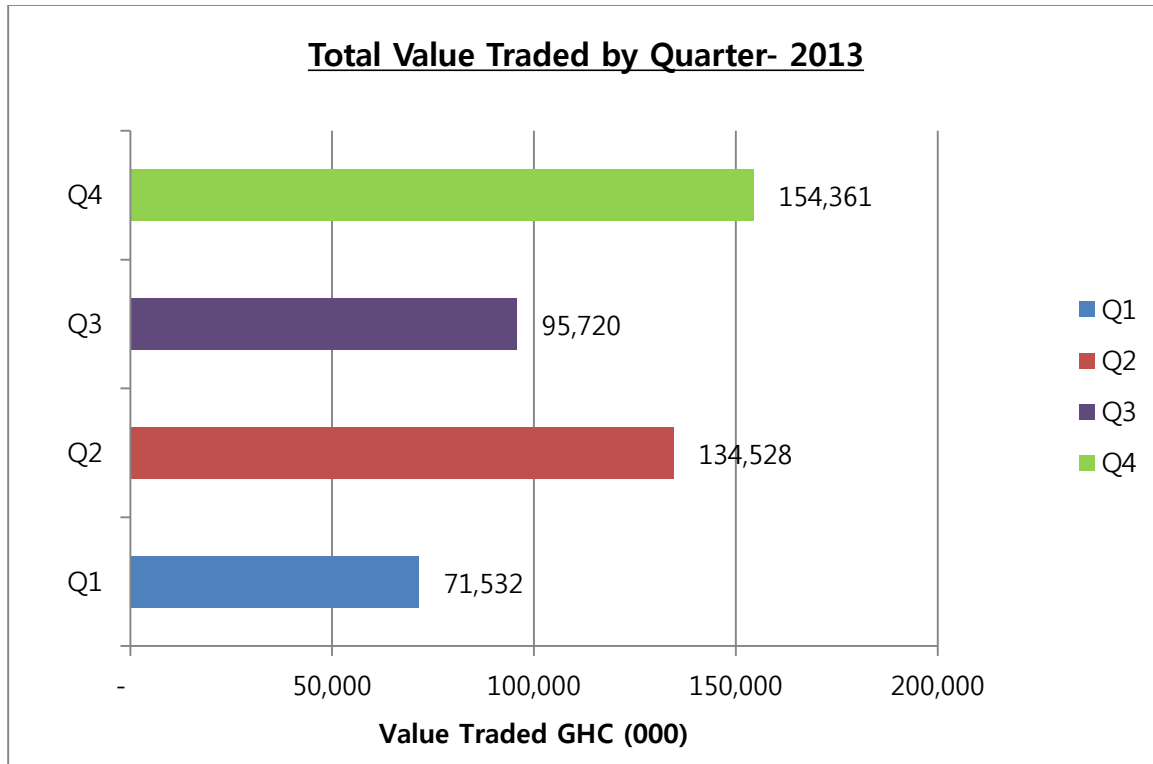
Volume and Value Traded

Total volumes and value traded were significantly higher in 2013 than in 2012. Total value went up by as much as 251% from 2012 to 2013 to record GH¢456 million, while total volume traded increased by 43.5% to record GH¢313 million at the end of the year.

Twenty seven (27) out of the thirty four (34) equities listed on the exchange traded actively 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.





Conclusion

The mandate of the SEC has been satisfactorily executed in the year under review, during which the growth and depth of the capital market greatly improved. With the implementation of the SEC’s five-year Strategic Plan (2012-17), the collaboration of the market players especially in the area of education and compliance issues being addressed appreciably, we expect a greater depth and further development of the capital market in Ghana.

DIRECTOR-GENERAL