



**TO BROKER-DEALERS AND INVESTMENT ADVISERS  
(WITH MINIMUM CAPITAL BELOW ONE BILLION CEDIS)**

**IMPLEMENTATION OF REGULATIONS 14 AND 22 OF THE  
SECURITIES AND EXCHANGE COMMISSION REGULATIONS  
2003, L.I. 1728**

**CIRCULAR NUMBER: SEC/MBER/CIR/O04/2004**

In pursuance of the implementation of the above-mentioned provision of the Securities and Exchange Commission Regulations 2003, LI 1728, the Commission directs as below:-

**1. REGULATION 14 – MINIMUM CAPITAL REQUIREMENTS**

Under the provisions of Schedule 1, as contained in the SEC Regulation LI 1728 issued pursuant to Regulation 14, the Minimum Capital Requirement for Broker-Dealers and Investment Advisers has been set at ₵1.0 billion.

Any Broker-Dealer/Investment Adviser whose capital is currently below ₵1.0 billion (one billion cedis) is directed to bring its capital up to ₵1.0 billion by 1st October 2005. Broker-Dealers/Investment Advisers therefore have a twelve-month period (1st September 2004 to 30th September 2005) to build up their capital to the level required by L.I. 1728.



Over this twelve-month period, Broker-Dealers/Investment Advisers to whom this circular applies are to report quarterly, (that is, on 31st December 2004, 31st March 2005 and 30th June 2005) to the Commission on the progress of their capital build-up.

All new applicants for a Broker-Dealer/Investment Adviser's licence will be expected to meet the minimum ₵1.0 billion capital requirement before being granted a licence.

## **2. REGULATION 22 – LIQUIDITY REQUIREMENTS**

Regulation 22 provides that a broker-dealer or investment adviser shall maintain at all times minimum liquid funds amounting to a percentage of its aggregate indebtedness. Regulation 22 further provides that the percentage of aggregate indebtedness to be maintained as minimum liquid funds shall be determined by circular from time to time by the Commission.

Regulation 27 (7) defines “aggregate indebtedness” as the total liabilities of a broker-dealer or the indebtedness of an investment adviser and includes liabilities excluded from the broker-dealer or investment adviser's balance sheet”.



The Commission hereby directs that with effect from 1st October 2004 all broker-dealers shall maintain 20% of their aggregate indebtedness as liquid funds.

Regulation 27 (7) explains the meaning of the term “liquid funds”.

Brokers-Dealers/Investment Advisers are to note that they have an obligation under Regulation 23, to constantly monitor the position of their liquid funds and introduce fresh funds within three days of their liquid funds falling below the minimum and notify the Commission accordingly.

**EUDORA HILDA KORANTENG (MRS.)**  
**DEPUTY DIRECTOR-GENERAL**

**DATE : 31ST AUGUST 2004**

**DISTRIBUTION**

**ALL BROKER-DEALERS**  
**ALL INVESTMENT ADVISERS**