



**SECURITIES & EXCHANGE COMMISSION
GHANA**

COMPLIANCE MANUAL

FOR BROKER-DEALERS, INVESTMENT ADVISERS & REPRESENTATIVES

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INTRODUCTION

This Compliance Manual hereinafter referred to as the 'Manual' is issued by the Securities & Exchange Commission in pursuance of Section 9 of the Securities Industry Act, 1993 (PNDCL333).

Part I deals with the legal status, structure, organization and capitalization of a broker-dealer or investment adviser.

Part II covers matters pertaining to dealings with clients and the custody of securities.

The rules governing trades in securities, clearing and settlement are contained in Part III of the Compliance Manual.

Part IV elaborates on dealings of broker-dealers and investment advisers as principals and further expatiates on staff trades and prohibited trading practices.

Accounting records, financial management and reporting and audit are contained in Part V of the Compliance Manual.

Part VI deals with staffing and control guidelines in respect of broker-dealers and investment advisers licensed to manage securities.

Supervisory procedures which are to be put in place by broker-dealers and investment advisers are contained in Part VII of the Manual. This section also deals with Compliance Officers and various registers that are to be maintained by broker-dealers and investment advisers.

Clauses on research, sales literature and advertising can be found in Part VIII of the Manual.



Part IX deals with disclosure of information by issuers of securities.

Part X establishes the principles of conduct to be adhered to by investment professionals and

Finally, Part XI refers to sanctions or disciplinary action to be taken by the Commission for non-compliance with the provisions of the Manual.

The Manual identifies the salient regulatory obligations required of broker-dealers and investment advisers, broker-dealers' representatives and investment advisers' representatives licensed in accordance with the Law. It also identifies and prescribes the systems which need to be established by every broker-dealer in securities and every investment adviser to ensure the orderly and efficient conduct of business; the safe-guarding of assets; the management of both financial and systemic risk; reliable and timely record keeping.

The Manual covers the areas of the structure and operations of a broker-dealer and an investment adviser that are deemed crucial to the maintenance and preservation of the financial standing and integrity of the broker-dealer or investment adviser. It includes areas such as, the constitution and regulations of the broker-dealer or investment adviser, organizational structure, internal controls and supervision, competence and qualifications of staff; dealings with



clients, order receipts and execution procedures; sales practices, research, advertisement of services, accounts and records and compliance with applicable laws, rules and regulations.

The Manual also specifies the standards of conduct required of investment professionals in the securities industry such as broker-dealers, broker-dealer's representatives; investment advisers and investment adviser's representatives licensed in accordance with the Law.

It is emphasised that the Manual proposes the minimum structures, standards and procedures that need to be established to ensure the achievement of the accepted objectives and principles of securities regulation.

This Manual does not preclude the further development of policies and procedures for regulated bodies provided such development is within the ambit of the Law and the objectives and principles referred to above.

In respect of the breach of any provisions of the Compliance Manual, the Commission reserves the right to impose any sanctions that it deems appropriate in the circumstances and in accordance with section 23 of PNDCL 333.



Reference is made throughout the Manual to various sections of the Securities Industry Act, 1993 (PNDCL 333), Securities Industry (Amendment) Act, 2000 (Act 590) and the Securities and Exchange Commission Regulations, 2003 (L.I.1728) upon which the provisions of the Manual are based. These references are made only for ease of reference, and for the convenience and guidance of users. Users are advised to read the Law itself for a fuller understanding of any specific legal provision.

Dr. Nii Kwaku Sowa
DIRECTOR-GENERAL



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DEFINITIONS

In this Manual the following definitions shall apply –

“Advertisement” - shall include any public notice or announcement and every form of advertisement whether it be by way of publication or by display of notices or by means of circulars or other documents or by an exhibition of photographs or films or videos or discs or by way of sound broadcasting or television or on computer screens or in any other manner.

“Agent” – any reference to an agent shall include broker-dealer's representatives, investment adviser's representatives and investment representatives employed by the broker-dealer either directly or indirectly, the nominees of such persons and persons associated with such persons.

“Associated Person” - any reference to a person being associated with another person shall be construed in accordance with provisions of Section 143 of the Securities Industry Act, 1993 (PNDC L 333).

“Chinese Wall” - shall mean and include any procedure or compliance system which is designed to prevent the communication of material non-public information within a broker-dealer or investment adviser that is a firm or company or between a broker-dealer or investment adviser and an associated, connected or related person.



“Commission” - means the Securities & Exchange Commission established under the Securities Industry Act, 1993 (PNDCL 333) its successors and assigns.

“Companies Act” - means the Companies Act, 1963 (Act 179)

“Connected Person” - any reference to a person being connected with another shall be construed in accordance with the provisions of Section 128(8) of the Securities Industry Act, 1993 (PNDCL 333).

“Broker-Dealer” - “Broker-Dealer's Representative”, “Investment Adviser” and “Investment Adviser's Representative” shall have the same meaning as in the Securities Industry Act, 1993 (PNDCL 333) as amended by Securities Industry (Amendment) Act 2000, (Act 590).

“Employees” – shall include all directors and employees of the broker-dealer, investment adviser, broker-dealer's representative and investment representative, the nominees of such persons and persons associated with such persons.

“Interest in Securities” any reference to a person having an interest in a security shall be construed in accordance with the provisions of Section 143 of the Securities Industry Act, 1993 (PNDCL 333).



“Law” means 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, (L.I. 1728) and any amendments to the preceding legislations.

“Material Non-Public Information” in relation to securities shall mean information that is not generally available but, if it were, might materially affect the price of those securities.



PART I

**STRUCTURE, ORGANISATION
AND CAPITALIZATION
OF A BROKER-DEALER
OR INVESTMENT ADVISER**



PART I - STRUCTURE, ORGANISATION AND CAPITALIZATION OF A BROKER-DEALER OR INVESTMENT ADVISER

SECTION A - LEGAL STATUS OF A BROKER-DEALER OR INVESTMENT ADVISER

1. Legal Status and Licensing Requirements for Investment Advisers & Broker-dealers

- (a) Every Broker-Dealer in securities shall be a body corporate created and registered in accordance with the Companies Act 1963 (Act 179) including an incorporated private partnership.
(PNDCL.333 s53, L.I. 1728 reg. 17.)
- (b) An Investment Adviser shall either be an individual or a body corporate created and registered in accordance with the Companies Act 1963 (Act 179) including an incorporated private partnership
(PNDCL.333 s50, L.I. 1728 reg. 17.)

2. Licences

- (a) All broker-dealers and investment advisers shall hold a valid broker-dealer's or investment adviser's



licence issued in accordance with the Law
(PNDCL 333 ss. 48 and 50).

- (b) Every person in the direct employment of or acting for or by arrangement with a broker-dealer or investment adviser who performs for the broker-dealer or investment advisor any of the functions of a broker-dealer (other than the work ordinarily performed by accountants, clerks or cashiers) whether his remuneration is by way of salary, wages, commission or otherwise including a director or officer of a broker-dealer or investment adviser that is a body corporate who performs any of the said functions for that body shall be the holder of a valid broker-dealer's representative or investment adviser's representative licence issued in accordance with the Act. (PNDCL 333 s. 142)
- (c) Additionally, all broker-dealers shall hold valid licences as licensed dealing members in an approved stock exchange or an alternative securities exchange in Ghana.
- (d) All representatives of the broker-dealer shall be registered as authorized dealing officers approved by that stock exchange or alternative securities exchanges in Ghana.



3. Regulations of Broker-Dealers or Investment Advisers

- (a) The regulations of a broker-dealer or an investment adviser company shall authorise the broker-dealer or investment adviser to engage in the business it is licensed to engage in.
- (b) Changes in the regulations of a dealer or investment adviser shall be in accordance with the Companies Act and subject to the approval of the Commission. (L.I.1728 reg. 18).

4. Exclusivity of Business of a Broker-Dealer or Investment Adviser

- (a) The sole business of :-
 - (i) every broker-dealer should be that of dealing in securities and the business activities relevant to such dealings;
 - (ii) every investment adviser should be that of:
 - advising others concerning securities; or
 - publishing analyses or reports concerning securities; or
 - undertaking the management of portfolios of securities for the purpose of investment on behalf of another; or



- a combination of the above mentioned activities.

(b) A broker-dealer or investment adviser should not engage in any other business and should not have any direct or indirect interest in any other company **other than interests acquired in the conduct of the business of dealing in securities** without the written approval of the Commission and the stock exchange of which the dealer is a member.

5. Provisions Pertaining to Directors of a Broker-Dealer or Investment Adviser

Every director of a broker-dealer or an investment adviser firm shall be a person of good repute and character and shall possess the highest business integrity (L.I. 1728 reg. (3),(4) & (5)).

6. Notification of Changes in Particulars

(a) Notification of any changes in particulars in the constitution, legal status, regulations, shareholdings, directors, operations and general business of the broker-dealer or investment adviser shall be filed promptly and in any event within the time frames specified by the applicable law or regulation with:-



- (i) the Commission;
- (ii) the stock exchange of which the broker-dealer is a member; and
- (iii) any other public regulatory authorities if such a requirement exists.

The broker-dealer or investment adviser shall maintain records of such notifications and filings which shall be up to date and available for inspection by the relevant authorities, the Commission and the Stock Exchange

(PNDCL 333 s. 60, L.I. 1728 reg. 18).

- (b) No change shall be effected to the regulations of a broker-dealer or investment adviser without the prior written approval of the Commission and the stock exchange of which the broker-dealer is a member.
- (c) Broker-dealers and investment advisers, shall notify the Commission of any change of particulars regarding the status of broker-dealers and investment advisers and their representatives as compared to that submitted in the application for a licence and any further change, within fourteen days of the change (L.I. 1728 reg. 18)
- (d) The notification shall be in the form and contain the particulars specified in Form SEC C of sch. 3 of L.I. 1728.



7. Penalties for Non Compliance (L.I. 1728 reg. 19(1)).

- (1) Any person who carries on the business of a broker dealer, investment adviser, stock exchange, broker-dealer's representative or investment representative without obtaining a licence from the Commission is liable to pay the following penalties:-
Broker-Dealer/Investment Adviser – GH¢3,000
Stock Exchange – GH¢5,000
Broker-dealer Representative or Investment Representative – GH¢1,200
- (2) Any person who fails to notify the Commission of any change of particulars as required by paragraph 3(c) is liable to a penalty of GH¢50 for each day that the default subsists and shall have its licence suspended if the period of default exceeds 30 days (L.I. 1728 reg. 19(2)).

SECTION B - ORGANISATIONAL PLAN

1. Organisational Structure

- (a) Every broker-dealer or investment adviser shall be structurally organised in a manner that provides for a clear division of functions and responsibilities and a delineation of duties within the organisation.



- (b) The organisational structure of the broker-dealer or investment adviser shall lend itself to efficient management, supervision and oversight.

2. Organisational Chart

Every broker-dealer or investment adviser shall design an organisational chart depicting the structure of the organisation and the division of responsibilities and functions, duly approved by the board of directors or governing board of the broker-dealer or investment adviser, which shall be available for regulatory inspection.

3. Back Office Process Flow Chart

Every broker-dealer and investment adviser shall develop a work process flow chart depicting the system being employed, duly approved by the board of directors or governing board of the broker-dealer or investment adviser, which shall be available for regulatory inspection.



SECTION C - CAPITALIZATION OF BROKER-DEALERS AND INVESTMENT ADVISERS

1. Capitalization Requirements for Broker-dealers & Investment Advisers

In the case of a broker-dealer or investment adviser that is a company its **stated capital** shall consist of fully paid up shares.

2. Issued and Paid up Capital

- (a) Every broker-dealer and investment adviser shall be adequately capitalized in accordance with the activities it performs and the services it provides in the market with a view to not only reducing the financial risk such broker-dealer introduces to the market by way of its dealings but also ensuring the maintenance of an appropriate quality of services by the broker-dealer and the investment adviser to market participants and investors.
- (b) Every broker-dealer and investment adviser shall adhere to the minimum issued and paid up capital requirements that may be specified from time to time by the Commission and/or the stock exchange of which the broker-dealer is a member.



3. Maintenance of Capital

- (a) Broker-dealers or investment advisers licensed by the Commission are required to have and maintain at any given time the minimum liquid funds amounting to a percentage of the aggregate indebtedness of the broker-dealer or investment adviser as determined by circular from time to time by the Commission. (L.I. 1728 reg. 22)
- (b) Every broker-dealer and investment adviser shall maintain at all times the minimum capital specified and a broker-dealer in addition shall maintain the minimum liquid funds or net capital required by regulations issued by the Commission or the stock exchange of which it is a member.
- (c) The consistent maintenance of the capitalization and liquidity within the limits specified by regulations issued by the Commission and/or the stock exchange shall be the obligation of the broker-dealer and investment adviser (L.I. 1728 reg. 22 & 23).
- (d) Any shortfall shall be reported within five (5) working days to the Commission and the stock exchange of which the broker-dealer is a member.



4. Monitoring of Liquidity and Additional Infusions

- (a) Every broker-dealer and investment adviser shall monitor its liquid funds or net capital on a regular basis. Additional infusions of funds shall be introduced whenever liquid funds fall below the minimum specified within 3 business days of the shortfall arising (L.I. 1728 reg. 23(1)).
- (b) Every broker-dealer and investment adviser is required to notify the Commission and stock exchange of which it is a member when its liquid funds fall below the minimum specified.

5. Penalties for non-compliance

Any broker-dealer or investment adviser who fails to introduce additional funds within the time specified is liable to pay a penalty of GH¢500 for each day the default subsists and shall have its licence suspended if the period of default exceeds 30 days (L.I. 1728 reg. 23 (1)).

6. Computation of Liquid Funds

The computation of the liquid funds of a broker-dealer or net capital shall be in accordance with the regulations and directives issued by the Commission and/or the stock exchange of which the broker-dealer is a member (L.I. 1728 reg. 27 (7)).



PART II

**MATTERS PERTAINING TO
DEALINGS WITH CLIENTS & THE
CUSTODY OF SECURITIES**



PART II - MATTERS PERTAINING TO DEALINGS WITH CLIENTS & THE CUSTODY OF SECURITIES

SECTION D - DEALINGS WITH CLIENTS

1. The Know Your Client Concept

- (a) Every broker-dealer and investment adviser shall establish procedures to obtain and maintain complete information on each of its clients.
- (b) This information shall:-
 - (i) form the basis of the broker-dealer's or investment adviser's database on the client;
 - (ii) be used to govern and influence the appropriateness of investment advice given and recommendations made to a client;
 - (iii) influence the extension of credit facilities and other financial accommodation to the client where authorised.
- (c) The initial step towards compliance with this concept is the obtaining of comprehensive information and the completion of relevant documentation when opening new client accounts. The Commission may from time to time prescribe Know-Your-Client forms to be used by broker-



dealers and investment advisers for this purpose.

(d) Broker-dealers and investment advisers shall ensure compliance with the following:-

- (i) Identify the customer and verify the customer's identity using reliable, independent sources, documentation or information;
- (ii) Identify the beneficial owner such that the institution is satisfied that it knows who the beneficial owner is. For legal persons and arrangements this shall include broker-dealers or investment advisers taking reasonable measures to understand the ownership and control structure of the customer (i.e. a Trust or where purchases are made by individuals and held on their behalf by other individuals);
- (iii) Obtain information on the purpose and intended nature of the business relationship and conduct on-going due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the broker-dealer or institution's



knowledge of the customer, their business and risk profile, including where necessary the source of the funds.

2. Opening of New Accounts.

- (a) Broker-dealer's or investment adviser's representatives shall ensure the accurate completion of documentation when opening a new client account and shall have overall responsibility for obtaining all required account documentation.
- (b) The following documentation shall be on file prior to the acceptance of an order from a client:-

I. A client account form containing the following minimum data:-

- (i) the name of the client and in the case of a corporate body its name and registration number;
- (ii) the age of the client in the case of an individual;
- (iii) the client's mailing address and contact information such as location of corporate office, telephone/fax numbers and email address if available;



- (iv) the client's investment knowledge;
- (v) the client's investment objectives;
- (vi) the client's specimen signature.

II. Additional legal documentation as needed to identify the legal responsibility for trading decisions and guarantees of payment and settlement.

- (c) The acceptance of the new account shall be authorized by a designated person in a managerial position in the broker-dealer or investment adviser organisation.
- (d) All client account documentation shall be signed by the following persons prior to the initial order being accepted:
 - (i) the client;
 - (ii) the broker-dealer's representative or investment adviser's representative handling the opening of the account;
 - (iii) the manager responsible for authorizing the opening of the account, unless the broker-dealer or investment adviser's representative has been given express written authority to be the authorizing officer.



- (e) In the case of a broker-dealer, all formats of client account documentation used shall be approved by the stock exchange of which the broker-dealer is a member.

**(3) Guidelines on acceptance of Money from Clients
(PNDCL 333 ss. 80 and 85 L.I. 1728 reg. 24)**

- (a) All monies received or obtained from a client by a broker-dealer or investment adviser licensed to manage securities shall be evidenced by a document setting out:-
- (i) the name and address of the client from whom money is received or obtained;
 - (ii) the manner of payment and details of the instrument of payment;
 - (iii) the amount received;
 - (iv) the purpose for which the money may be used;
 - (v) the duration for which the money will be held;
 - (vi) interest payable on unutilized balances and the quantum, method and frequency of such payment if applicable;
 - (vii) any other conditions material or relevant to the acceptance of the funds obtained;



(viii) Outstanding order list.

- (b) The original of the document shall be furnished to the client and a written acknowledgement received from the client confirming the receipt of the document and the acceptance of the terms and conditions specified therein prior to the funds being used (PNDCL 333 s.80).
- (c) A receipt acknowledging payment of monies shall be dispatched to the client within 3 working days of concluding the transaction.

4. Dealing with client monies (PNDCL 333 s. 80)

Where a client deposits money with or lends money to a broker-dealer, the broker-dealer shall :—

- (a) deposit the money in an account in a bank, not later than the next day on which the bank is open for business after the receipt of the money and the account shall not contain any money other than money deposited with or lent to the broker-dealer;
- (b) furnish the client with a document, in the prescribed form, setting out the terms and conditions on which the deposit or loan is made and accepted, including



the purpose for which and the manner in which the money is to be used by the broker-dealer;

- (c) retain the money in the bank account until the client gives him a written statement acknowledging that the client has received the document referred to in paragraph (b); and
- (d) use the money only for the purpose and in the manner set out in the document or for a purpose or in a manner agreed to by the client in writing after the document was furnished to the client.

5. Penalty

A person who contravenes the above commits an offence and is liable on conviction to a fine not exceeding GH¢100 or to imprisonment for a term not exceeding one year or to both; and shall in addition be liable to refund the money together with interest at the prevailing commercial bank rate to the client (PNDCL. 333 s.80).

6. Deposits from clients

- (a) No broker-dealer or investment adviser shall utilise any money received from a client as a deposit unless the broker-dealer or the investment adviser has furnished the client with a document in the form



which contains the particulars specified in Form SEC F of Schedule 3 of the Securities and Exchange Commission Regulations, 2003 setting out the terms and conditions on which the deposit is made and accepted including the purpose for which and the manner in which the money is to be used by the broker-dealer or the investment adviser; and until the client has acknowledged receipt in writing of the document mentioned in regulation (a).

- (b) Money received by a broker-dealer or investment adviser from a client shall be lodged in an account designated as a Trust Account in accordance with PNDCL 333 s. 85.
- (c) Broker-dealers and investment advisers shall keep duplicate copies of Form SEC F and written acknowledgement of their terms and conditions for inspection purposes (reg. 24(1) L.I.1728).

7. Client Documentation and Records

- (a) Client documentation shall comprise of a client master file under the control of a person of managerial grade.
- (b) Broker-dealer's representatives and investment adviser's representatives shall be provided with a sub-file containing copies of relevant data and documentation.



- (c) In addition to the original account opening form, the legal documentation and documentation issued in connection with accepting money from a client, the master file shall contain the following records:-
 - (i) client correspondence;
 - (ii) the latest client account statement;
 - (iii) the year-end position;
 - (iv) copies of confirmations of trades;
 - (v) delivery and trading instructions;
 - (vi) outstanding order list.
- (d) All entries and amendments in the master file shall be evidenced by proper documentation.
- (e) Documentation in a client file shall be updated within a week, whenever there is a material change in client information.
- (f) Any material change in the particulars of the information contained in the file shall be authorized by the manager responsible for supervising the account. Such changes may include a change of address, a change of payment instructions or the account being converted into a discretionary or managed account.
- (g) Every broker-dealer and investment adviser shall establish procedures to ensure that:-
 - (i) information in client files is accurate and up to date;



- (ii) all supporting documentation is received within a reasonable period of time from the opening of the account;
- (iii) incomplete documentation is noted and steps taken to obtain the same;
- (iv) documentation that remains incomplete after a period of 30 days from the opening of the account is brought to the notice of the management.

8. Guidelines for Discretionary Accounts

- (a) Discretionary accounts are accounts for which a client has given trading authority to the broker-dealer to engage in a particular securities transaction or a series of securities transactions without reference to the client.
- (b) All broker-dealers who undertake to operate client accounts on a discretionary basis shall set out in writing the terms and conditions under which the account is to be operated.
- (c) The documentation pertaining to the discretionary account and the opening of a discretionary account must be approved by the head of brokerage of the broker-dealer or an officer of equivalent seniority.



- (d) No broker-dealer or broker-dealer's representative shall exercise any discretionary power on behalf of a client to purchase or sell securities without the client's prior written subscription to and acknowledgement of the terms and conditions referred to above.

9. Minimum Requirements for Opening Discretionary Accounts

- (a) The minimum requirements for opening a discretionary account shall include the following stipulations:-
 - (i) all orders for discretionary accounts shall be identified as such at the time of entry to the trading system of the stock exchange;
 - (ii) all discretionary accounts shall receive quarterly supervisory reviews of performance to ensure that the accounts are being handled in accordance with the investment objectives and financial well-being of the client;
 - (iii) discretionary accounts shall be identified as such on the new client application form.



10. Managed Accounts

- (a) Managed accounts are accounts for which the broker-dealer or investment adviser pursuant to a contract or arrangement with a client undertakes on behalf of the client, to manage as a portfolio of securities for the purpose of investment.
- (b) All broker-dealers and investment advisers who undertake to manage the investments of a client shall set out in writing the terms and conditions under which the account is to be operated or managed including:-
 - I. the scope of discretion and investment objectives which shall include:-
 - (i) return objectives for e.g. income, growth;
 - (ii) risk tolerance (stability of values);
 - (iii) liquidity needs;
 - (iv) funds available for investment;
 - (v) time horizons;
 - (vi) tax considerations;
 - (vii) investor preferences, circumstances and unique needs.
 - II. the tentative asset allocation strategy.
 - III. the fees to be charged for management and the basis on which they are calculated.



- IV. arrangements for the custody of securities and cash.
 - V. any arrangements for payment of interest on un-invested balances.
 - VI. arrangements for reporting and valuations.
- (c) The documentation pertaining to the account and the opening of the account must be approved by the head of brokerage or an officer of equivalent seniority in the case of a broker-dealer and the chief of operations or his equivalent in the case of an investment adviser.
- (d) No broker-dealer, investment adviser or their representatives shall exercise any discretion on behalf of a client to purchase or sell securities without the client's prior written subscription to and acknowledgement of the terms and conditions referred to above.

11. Client Statements

- (a) Every broker-dealer or investment adviser licensed to manage securities shall dispatch to a client a statement of accounts at least once a quarter or as frequently as agreed with the clients whether there



have been any trades executed by or on behalf of the client in that quarter or not (L.I. 1728 reg. 34).

- (b) In the case of a managed account the broker-dealer or investment adviser shall report to the client on the performance and current net value of the portfolio of investments at least once in every quarter or as more frequently specified in the account-opening document.
- (c) All such reports and statements shall as far as is feasible be dispatched from a central point preferably by employees of the broker-dealer or investment adviser not involved in handling client accounts.
- (d) The giving of client statements to the broker-dealer's representative or investment adviser's representative handling the clients account for delivery to the client shall be avoided.

12. Communications to Clients

No broker-dealer or investment adviser shall without the written authorization of a client:-

- (i) mail or dispatch communication to the client in care of a third person;
- (ii) permit anyone other than the client to take delivery of any contract notes, credit or debit notes or any



other statement pertaining to the operation of the client's securities account.

SECTION E - CUSTODY AND CONTROL OF SECURITIES

(This section should be read in conjunction with the Central Securities Depository Act, 2007, Act 733)

1. Procedures for the Receipt, Custody and Delivery of Securities

Every broker-dealer and investment adviser shall establish documented procedures for the receipt, custody and delivery of securities that shall be capable of tracing the securities and affixing the responsibility for the securities at all times. The securities shall be under the control and custody of the broker-dealer or the investment adviser or an agent or nominee of the broker-dealer or investment adviser.

2. Register of Securities (PNDCL 333 s.67, 144)

- (a) Every broker-dealer and investment adviser shall maintain separate registers in which shall be recorded the details of:—
 - (i) all securities that are the property of the broker-dealer or investment adviser;



- (ii) all securities that are not the property of the broker-dealer or investment adviser and for which the broker-dealer or investment adviser or any nominee controlled by the broker-dealer or investment adviser is accountable.
- (b) In the case of securities which are the property of the broker-dealer or investment adviser the registers shall include the following information: –
 - (i) the name of the holder of the security(ies) or the holder of documents of title to the securities and if the documents are held by a person other than the broker-dealer or investment adviser the nature of such holding for e.g. if the securities are being held as security against loans or advances;
 - (ii) the name of the security(ies), the quantum and price;
 - (iii) the certificate numbers;
 - (iv) contract numbers;
 - (v) the physical location of the securities;
 - (vi) the date of acquisition;
 - (vii) date of disposal;
 - (viii) the name of the broker-dealer through whom the transaction was executed.



- (c) Where there is interest in any other security the following information shall be provided to the Commission:-
- (i) the name of the security(ies);
 - (ii) the nature of the interest;
 - (iii) the exercise date in the case of a right or option;
 - (iv) the quantity; and the price or pricing formula.
- (d) In the case of securities which are not the property of the broker-dealer or the investment adviser but for which the broker-dealer or investment adviser or a nominee of the broker-dealer or investment adviser is responsible or accountable the register shall include the following information: –
- (i) the name of the holder of the security(ies) or the name of the person for whom the security(ies) or the documents of title to the securities are being held;
 - (ii) the nature of the holding i.e. whether it is for safe custody or deposited with the broker-dealer or a third party as security for loans or advances made by the broker-dealer on behalf of the holder;
 - (iii) the name of the security(ies) and the quantum;
 - (iv) the certificate numbers;



- (v) the physical location of the securities.
- (e) The delivery or receipt of all securities by the broker-dealer or investment adviser must be evidenced by prior, serially numbered acknowledgments clearly indicating:-
 - (i) the name of the person who is the registered holder of the security(ies);
 - (ii) the person to whom the security(ies) is delivered or received from;
 - (iii) the name of the security(ies) and the quantum;
 - (iv) the certificate numbers.

3. Notification of Particulars of Register of Interest in Securities (PNDCL 333 s.68 & L.I. 1728 reg. 20)

Broker-dealers and their representatives are required to notify the Commission in Form SEC D(i) of Schedule 3 of L.I. 1728 of the particulars of the register which shall include the place at which the register is kept at the time of the application for a licence within 14 days of receipt of a licence. Where a person ceases to be a licensed market operator notification shall be sent to the Commission in Form SEC D (ii). Any person who fails to notify the



Commission as required by the above provision commits an offence and is liable on conviction to payment of a fine of 25 penalty units.

4. Control over the Movement of Securities

- (a) The movements of securities in the control or custody of the broker-dealer or investment adviser shall be subject to controls in transit that ensure that physical and accounting control of the securities is maintained.
- (b) The transit of securities shall be recorded in and evidenced by appropriate entries in a delivery book or a mail register maintained for the purpose with suitable acknowledgements being recorded of receipt and delivery.
- (c) Every broker-dealer and investment adviser shall indicate suitable identification (i.e. corporate ID, national ID, passport or driver's licence) criteria to be used by employees in the case of handing over custody of securities to clients, agents or third parties.



5. Custody and Storage of Securities

- (a) The custody of securities owned by clients of a broker-dealer or investment adviser shall be entrusted to a designated employee or employees of a broker-dealer or investment adviser who shall be independent from the person responsible for balancing stock records and separate from the representative who advises or handles the client.
- (b) The physical handling of securities shall be limited to the fewest number of individuals.
- (c) Safe storage of securities shall be ensured with access to the storage facility being limited and every access documented.
- (d) Where the client elects to use a custodian for holding of its securities, such securities will be deposited with the custodian unless otherwise directed by the client.

6. Securities Inventory

- (a) Every broker-dealer and investment adviser shall ensure that securities in their custody and control are counted regularly to facilitate the maintenance of accurate records.



- (b) The frequency and intensity of the count shall depend on the internal control procedures employed by each broker-dealer or investment adviser with a count being conducted quarterly and in conjunction with the annual audit.
- (c) Differences detected in the course of a count shall be investigated and corrected within 3 working days.

7. Provisions Relating to Securities Documents in the Custody of a Broker-Dealer (PNDCL 333 s. 84)

- (a) Every broker-dealer shall ensure that all securities or documents of title to securities received from a client or for which the broker-dealer or nominee is accountable for, are registered in the name of the client by the body corporate issuing the security unless the client requests that:-
 - (i) the documents be registered in the name of a nominee controlled by the broker-dealer;
 - (ii) the documents are deposited in safe custody with the bankers of the broker-dealer.
- (b) A broker-dealer shall not use the securities or documents deposited with the broker-dealer or a nominee controlled by the broker-dealer for safe custody, for any purpose not authorized by the clients or the law.



- (c) A broker-dealer may however deposit such securities or documents of title to securities as security for a loan or advance made to the broker-dealer if the client owes the broker-dealer an amount of money as a result of a transaction entered into by the broker-dealer on behalf of the client and provided that such loan does not exceed the amount owed by the client to the broker-dealer.
- (d) Prior to doing so the broker-dealer shall give written notice to the client stating his intentions and identifying the securities which are to be so utilized and shall continue to notify the client of the deposit at six month intervals during the continuation of the arrangement.
- (e) The broker-dealer shall ensure that the documents are delivered to the client within one week of receiving the sum owed to him by the client on account of the said deposit.

8. Dividends and Interests

- (a) Every broker-dealer and investment adviser shall maintain records pertaining to the receipt of dividends, interest and other corporate rights and benefits such as rights and bonuses accruing to the securities of clients that are deposited with the



broker-dealer or investment adviser or a nominee of the broker-dealer, or investment adviser.

- (b) These records shall be kept separate from the records maintained by the broker-dealer or investment adviser with respect to securities that form the portfolio of the broker-dealer or investment adviser.
- (c) All dividends and interest payments and notices of corporate actions and benefits received shall be remitted or communicated to the client as immediately as possible after receipt or banked in the clients account maintained by the broker-dealer or investment adviser.



PART III

TRADING AND CLEARING AND SETTLEMENT



PART III - TRADING, CLEARING AND SETTLEMENT

SECTION F - TRADING

Trading shall be performed strictly in accordance with the trading rules approved by the SEC.

SECTION G - CLEARING AND SETTLEMENT OF SECURITIES

1. Clearing House Rules

Clearing and settlement of securities shall be performed strictly in compliance with rules of the Clearing-house of the stock exchange.



PART IV

**DEALINGS AS PRINCIPAL,
STAFF TRADES AND
PROHIBITED TRADING PRACTICES**



PART IV - DEALINGS AS PRINCIPAL, STAFF TRADES AND PROHIBITED TRADING PRACTICES

(The provisions of this Part are applicable to all Broker-Dealers and Investment Advisers licensed to manage securities)

SECTION H - DEALINGS BY THE BROKER-DEALER OR INVESTMENT ADVISER AS PRINCIPAL

I. Prohibitions and Notifications

A broker-dealer is prohibited from dealing as principal in any securities with a person (who is not a broker-dealer) without informing the person prior to the transaction that the broker-dealer is dealing as principal and not as agent (PNDCL 333 s. 77).

- (a) A broker-dealer dealing or entering into a transaction as principal shall include a situation where the broker-dealer:-
 - (i) enters into a transaction on behalf of a person associated with him;
 - (ii) deals in securities on behalf of a body corporate in which the broker-dealer has a controlling interest;
 - (iii) deals in a security on behalf of a body corporate in which the interest of the broker-



dealer when taken together with the interests of the directors of the broker-dealer in such body corporate amounts to a controlling interest.

2. Priority

A broker-dealer or investment adviser is required to give priority to client orders over orders of the broker-dealer or investment adviser acting as principal or on behalf of a person associated with the broker-dealer or investment adviser (PNDCL 333 s.79).

3. Separations and Chinese Walls

- (a) A broker-dealer or investment adviser shall ensure that it has “Chinese walls” procedures in place to ensure that:-
 - (i) a specific person(s), unit or department is responsible for making investment decisions on behalf of the broker-dealer or investment adviser;
 - (ii) these investment decisions and the rationalization for these decisions are documented and approved by a senior manager;



- (iii) the operations of that person(s), unit or department are kept separate and independent of the other client operations of the broker-dealer or investment adviser;
- (iv) the orders on behalf of the broker-dealer or investment adviser are executed in such a manner so as to avoid any occurrence of price manipulation, insider trading and front running;
- (v) all exceptions noted are promptly investigated.

SECTION I - STAFF TRADES

1. Trading to be done through Employing Broker-Dealer

Every broker-dealer shall ensure that all its directors, employees and agents collectively referred to as “staff” for the purpose of this section of this Manual trade through it and not through any other broker-dealer.



2. Prior Authorization

All staff trades shall only be transacted with the prior authorization of the chief executive officer or the compliance officer of the broker-dealer.

3. Restricted List

- (a) The compliance officer shall maintain a **“restricted securities”** list in which staff shall not be permitted to trade
- (b) The “restricted securities” list will comprise all securities in which the broker-dealer possesses material non-public information.
- (c) Securities may be added or deleted from the restricted list at the discretion of the management of the broker-dealer.

4. Dealings by Employees of an Investment Adviser

All transactions in securities by directors, employees and agents of the investment adviser collectively referred to as “staff” for the purpose of this section of the Manual shall be with the prior authorization of the chief executive officer or the compliance officer of the investment adviser.



5. Restrictions on Staff Trades

Staff trades shall be subject to the following restrictions:-

- (i) They shall be at a fixed price;
- (ii) All client trades shall be given priority;
- (iii) An identified broker-dealer's representative shall be responsible for the handling of such trades.

SECTION J - PROHIBITED TRADING PRACTICES

1. Fraud in Connection with the Purchase or Sale of Securities (PNDCL 333 Part X)

- (a) No broker-dealer or investment adviser or employee or agent of a broker-dealer or investment adviser shall either directly or indirectly in connection with the purchase or sale of any security:-
 - (i) employ any device or artifice with a view to defrauding any person;
 - (ii) engage in any fraudulent act or deceitful practice or business conduct;
 - (iii) make any false or misleading statements in relation to a material fact or omit material facts necessary to correct statements already made, which were previously found to be false or misleading.



- (b) No broker-dealer or investment adviser or an employee or agent of a broker-dealer or investment adviser shall effect any transaction by means of any manipulative, deceptive or other fraudulent device or contrivance in order to induce or attempt to induce the purchase or sale of any securities.

2. Acts Committed to Create a False or Misleading Market in Securities

- (a) No broker-dealer or investment adviser or employee or agent of a broker-dealer or investment adviser shall create, cause to be created or do anything that is calculated to create a false or misleading appearance or impression of active trading or a false or misleading appearance or impression with respect to the market for or the price of any securities.
- (b) No broker-dealer or investment adviser or employee or agent of a broker-dealer or investment adviser shall purchase or cause to be purchased any security at successively higher prices or cause to be sold any such security at successively lower prices for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market for that security.



3. Sales Involving no Change in Beneficial Ownership

- (a) No broker-dealer or investment adviser or an employee or agent of a broker-dealer or investment adviser shall by means of a purchase or sale of any securities that does not involve a change in the beneficial ownership of those securities create a false market in the said securities.
- (b) No broker-dealer or investment adviser or an employee or agent of a broker-dealer shall for the purpose of creating a false or misleading appearance of activity in the trading of a security or for the purpose of creating or inducing a false or misleading appearance with respect to the market for such a security to:-
 - (i) execute any transaction in such security which involves no change in the beneficial ownership thereof;
 - (ii) enter any order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size at substantially the same price for the sale of such security has been or will be entered by the same parties or their nominees;



- (iii) enter any orders or orders for the sale of any security with the knowledge that an order or orders of substantially the same price for the purchase of such security has been or will be entered by or for the same parties or their nominees.



PART V

**ACCOUNTING RECORDS,
FINANCIAL MANAGEMENT AND
REPORTING AND AUDIT**



PART V - ACCOUNTING RECORDS, FINANCIAL MANAGEMENT, REPORTING AND AUDIT

SECTION K - FINANCIAL OPERATIONS

1. Bank Accounts

- (a) The operations of all bank accounts shall conform to generally accepted banking and accounting practices and procedures.
- (b) All bank accounts shall be under the administration of a designated officer of the broker-dealer or investment adviser.
- (c) The opening of all bank accounts shall be approved by the board of directors of the broker-dealer or investment adviser.
- (d) Access to bank accounts and banking information shall be limited to specified authorized personnel only.



2. Segregation of Client Funds (PNDCL 333 ss. 80, 85 and 86)

- (a) Every broker-dealer and investment adviser shall establish and maintain in a bank or banks in Ghana, one or more accounts separate from the broker-dealer's and investment adviser's own operating accounts into which shall be paid less any commissions and agreed expenses:-
 - (i) all amounts that are received from any client in relation to the purchase of any securities for which securities have not as yet been delivered to the client;
 - (ii) all amounts that are received for the account of any client from the sale of securities that has not been paid to the client or as the client directs.
- (b) All amounts received as referred to above shall be held in trust by the broker-dealer or investment adviser and retained in such account(s) which shall be termed **Trust account(s)** until :-
 - (i) paid to a person entitled to the money or in accordance with the written direction of a person entitled to the money;
 - (ii) used for defraying brokerage and other proper charges;



- (iii) used for making a payment that is otherwise authorised by law.
- (c) Any money received from a client other than money received to defray brokerage and/or other charges such as management fees must be banked not later than the next day on which the bank is open for business after the receipt of the money.
- (d) The broker-dealer or investment adviser is prohibited from using the funds received and must retain the money in the bank account referred to above until the client has been provided with the documentation which must evidence such receipt and acknowledges in writing that he has received the document referred to in Section 3 of Part II of this Manual.

3. Custody and Handling of Funds

- (a) The employees of the broker-dealer or investment adviser responsible for receiving funds from the client and dispatching funds to the client shall be separate from the broker-dealer's representative or investment adviser's representative handling the client's securities account.



- (b) Clients shall be discouraged from sending funds through broker-dealer's representatives or Investment adviser's representatives who take and accept their orders.
- (c) All deposits shall be verified for proof of deposit from the bank by a responsible official to ensure that funds are deposited intact and discrepancies investigated and resolved promptly.
- (d) Cash and cheques not deposited shall be kept in a fire proof safe custody overnight.

4. The Issuance of Cheques

- (a) Every broker-dealer or investment adviser shall establish formal documented procedures to identify the levels of authorisation needed for requisitioning the issue of a cheque.
- (b) A log must be maintained indicating the location to which blank cheques are delivered and specifying in whose custody such cheques are retained.
- (c) An up-to-date list of authorized signatories of the broker-dealer or investment adviser and the limits of authorization if applicable shall be provided to the appropriate banks as required.
- (d) A broker-dealer or investment adviser shall ensure that there is an adequate segregation of duties among



the functions of cheque requisitioning, requisition approval, processing and signing.

- (e) Documents supporting cheque payments shall be canceled upon the cheque being signed to avoid re-use of supporting documents and the duplication of payments. Such cancellation may be in the form of the cheque number and notation of date of issue on the supporting documents or a paid stamp or legend.
- (f) Cancellation of crossings on cheques shall be performed only by the authorized signatories after due inquiry.

SECTION L - ACCOUNTING FUNCTIONS

1. Accounts of a Broker-Dealer or Investment Adviser

- (a) A broker-dealer or investment adviser shall:-
 - (i) keep such accounting records as will correctly record and explain the transactions and financial positions of the business of the broker-dealer or investment adviser;
 - (ii) keep accounting records in such a manner as will facilitate the presentation of a true and fair profit and loss accounts and a balance



sheet being prepared on a regular basis and the convenient and proper audit of these accounting statements.

2. Information and Accounting Records to be maintained by a Broker-Dealer (PNDCL 333 s. 83)

- (a) The accounting records of the broker-dealer must be kept in sufficient detail to show:-
- (i) all monies received or paid by the broker-dealer including monies paid to or disbursed from a trust account;
 - (ii) all purchases and sales of securities made by the broker-dealer, the charges and credits arising from them and the names of the buyer and seller, respectively of each of these securities;
 - (iii) all income received from commissions, interests and other sources and all expenses, commissions and interest paid by the broker-dealer;
 - (iv) all the assets and liabilities including contingent liabilities of the broker-dealer;



- (v) all securities that are the property of the broker-dealer showing by whom the securities or the documents to title to the securities are held and where they are held by some other person whether or not they are held as security against loans or advances;
 - (vi) all securities that are not the property of the broker-dealer and for which the broker-dealer or any nominee controlled by the broker-dealer is accountable, showing by whom and for whom the securities or the documents of title to the securities are held and the extent to which they are either held for safe custody or deposited with a third party as security for loans or advances made to the broker-dealer;
 - (vii) all arbitrage and underwriting transactions entered into by the broker-dealer.
- (b) The accounts and records maintained by a broker-dealer shall include the following:-
- (i) a record of all transactions executed by the broker-dealer on behalf of clients indexed by way of contract, security and client;



- (ii) a record of all transactions executed by the broker-dealer as principal indexed by way of contract and security;
- (iii) a record of all transactions executed by the broker-dealer on account of directors and employees indexed by way of contract and security;
- (iv) a clients ledger;
- (v) General Ledgers of all asset, liability, income, expense and capital accounts;
- (vi) Cash Book;
- (vii) Bank statements and reconciliation thereof;
- (viii) Members Contract Books showing details of all contracts entered into by the broker-dealer with other members of the stock exchange including counterfoils or duplicates of memo of confirmation issued to or by such members;
- (ix) duplicates of contract notes issued to clients;
- (x) copies of any agreements entered into with clients regarding the transaction of business in securities;
- (xi) records of receipts/deliveries of securities;
- (xii) records of receipts/disbursements of money from the trust account and the broker-dealer's operating account;



- (xiii) a ledger of arbitrage and underwriting transactions entered into by a broker-dealer;
- (xiv) a record reflecting ownership and location of all securities in the custody and control of the broker-dealer or any nominee of the broker-dealer.

3. Accounting Records to be maintained by an Investment Adviser

- (a) The accounts and records maintained by an investment adviser shall include the following:-
 - (i) a record of all transactions executed by the investment adviser on behalf of clients indexed by way of contract, security and client;
 - (ii) a record of all transactions executed by the investment adviser as principal indexed by way of contract and security;
 - (iii) a record of all transactions executed by directors and employees of the investment adviser indexed by way of contract and security;
 - (iv) a client's ledger;



- (v) General Ledgers of all asset, liability, income, expense and capital accounts;
- (vi) Cash Book;
- (vii) Bank statements and reconciliation thereof;
- (viii) Copies of all agreements entered into with clients regarding the management of securities;
- (ix) records of receipts/deliveries of securities;
- (x) records of receipts/disbursements of money from client/trust accounts and the investment adviser's operating account;
- (xi) a ledger of arbitrage and underwriting transactions entered into by the investment adviser;
- (xii) a record reflecting ownership and location of all securities in the custody and control of the investment adviser or any nominee of the investment adviser.

4. Separation of Records

The transactions of the principal dealings and agency dealings of the broker-dealer and investment adviser shall be maintained independent of one another.



5. Reconciliation of Bank Accounts

- (a) A broker-dealer or investment adviser shall ensure that reconciliation is performed at least once a month of all operating and trust bank accounts of the broker-dealer or investment adviser.
- (b) The reconciliation shall be documented and all reconciling items shall be clearly identified, dated and cleared on a timely basis.
- (c) The reconciliation shall be reviewed and approved by a responsible senior officer and copies of the reconciliation retained.

6. Dividend and Interest Accounts

- (a) Dividend and interest accounts shall be reconciled at least once in every quarter.
- (b) The reconciliation shall be documented and all reconciling items shall be clearly identified, dated and cleared on a timely basis.
- (c) The reconciliation shall be reviewed and approved by a responsible senior officer and copies of the reconciliation retained.



7. Commissions

- (a) Every broker-dealer and investment adviser shall ensure that commissions due from clients are accurately computed.
- (b) Commission accounts shall be balanced and reviewed on a monthly basis.
- (c) Non standard commission rates shall be reviewed regularly to ensure that unapproved discounts are not given and excessive commissions are not charged.
- (d) If commissions are being shared with any third party the basis of such sharing and records of such transactions including the identity of the third party and the details of payments made shall be maintained and made available for regulatory inspection.

8. Journal Entries

Journal entries shall be closely supervised and authorized by the head of accounting of the broker-dealer or investment adviser.



9. Customer Settlement

- (a) Every broker-dealer or investment adviser shall have documented procedures in place to monitor payments due from customers.
- (b) A record shall be maintained of transactions for which payment has been received from clients by settlement date.
- (c) Clients shall be notified of payments past due and records shall be maintained of such notification.
- (d) There shall be procedures in place to alert accounting staff and management of delayed payments.
- (e) Interest charged to defaulters' accounts shall be collected in accordance with the rules of the stock exchange of which the broker-dealer is a member and records maintained of interest charged and collected.
- (f) Defaulters shall be reported to the stock exchange of which the broker-dealer is a member expeditiously and in any event no later than the time period specified for such reporting in the regulations of the stock exchange.
- (g) Defaulters' stock positions shall be liquidated in a timely manner.



- (h) A broker-dealer shall not directly or indirectly transact business with a defaulting client or with a client who has been reported as a defaulter by another broker-dealer unless and until such client has made a satisfactory arrangement with the broker-dealer who is his creditor.

10. Monies due to Clients

- (a) Every broker-dealer shall prepare and maintain records that indicate payments due to clients on each settlement date.
- (b) All payments shall be supported by duly authorized vouchers.
- (c) Payments due to clients shall be ready for collection in a timely manner on each settlement date.
- (d) Records shall be kept of the manner of delivery of payment.
- (e) Every broker-dealer shall ensure that unless otherwise agreed in writing by a client, the holding or retaining of the free credit balances of a client shall not exceed three working days.



11. Margin Facilities and Credit offered by the Broker-Dealer

This section relates only to secured credits (PNDCL 333 s. 78)

- (a) A broker-dealer or investment adviser who provides credit or margin facilities to clients shall have written procedures in place to determine the adequacy of margin, the monitoring of the value of securities margined and the making of margin calls. Margin facilities may however be provided only upon the introduction by a stock exchange, of SEC approved rules and guidelines.
- (b) A broker-dealer or investment adviser shall not extend unsecured credit to any person including an employee or person associated with such an employee to assist or facilitate that person to purchase or subscribe to securities.
(PNDCL 333 s. 78).
- (c) A person who contravenes or fails to comply with the above commits an offence and shall be liable on conviction to payment of a fine or to imprisonment for a term not exceeding six months or to both.



SECTION M - FINANCIAL MANAGEMENT AND REPORTING

1. Budgetary Controls

All broker-dealers and investment advisers shall prepare annual capital and operating budgets to be utilized by the management of the broker-dealer or investment adviser to assist in the allocation of available resources and the monitoring of actual performance.

2. Financial Statements by Broker-Dealer.

- (a) A monthly cash flow and statement of liquid funds, which shall reach the Commission not later than the 15th day in the month after the period to which the statement relates shall be in the form specified in L.I. 1728 Schedule 4.
- (b) A quarterly financial statement comprising (cash flow, statement of liquid funds, profit and loss account and balance sheet) which shall reach the Commission not later than 21 days after the end of the quarter to which the statement relates in the form specified in L.I. 1728 sch. 4.
- (c) An audited financial statement comprising (cash flow, statement of liquid funds, profit and loss account and balance sheet) including the auditor's



management report which shall reach the Commission not later than 90 days after the end of the financial year to which it relates in the form as specified in Schedule 4.

- (d) The statements shall be presented in accordance with the accounting standards and principles issued from time to time by the Institute of Chartered Accountants (Ghana).
- (e) Such statement shall be in the form prescribed for the purpose and signed by two directors of the broker-dealer.
- (f) Adequate documentation shall be maintained to provide an audit trail between the balances reported in the statements and the books of original entry and the general ledger.
- (g) The Commission shall impose penalties where a broker-dealer fails to submit monthly cash flow statements as per the provisions in L.I. 1728, regs. 33-35.
- (h) Any person who contravenes the provisions of L.I.1728 regs.30-33 is liable for the payment of a penalty of GH¢100 for each day that the default subsists and shall have its licence suspended if the default exceeds 30 days.



SECTION N - AUDIT

1. Requirement of an Annual Audit

(PNDCL 333 ss. 21 and 90 & L.I. 1728 reg. 33)

Every broker-dealer and investment adviser shall have its accounts audited at least once a year by an auditor qualified in terms of the Law.

2. Appointment and Removal/Resignation of an Auditor

(PNDCL 333 ss. 87 and 88)

- (a) The Commission shall be notified of the appointment of an auditor of a broker-dealer or investment adviser within 14 days of such appointment, by the broker-dealer or investment adviser.
- (b) The removal or resignation of an auditor of a broker-dealer or investment adviser is only permissible with the consent of the Commission.
- (c) In the case of resignation the auditor shall apply to the Commission in writing for consent to resign whilst simultaneously giving notice to the broker-dealer or investment adviser of his intention. The broker-dealer or investment adviser shall notify the Commission in writing within 14 days of receiving such a notification.



- (d) In the case of a broker-dealer or investment adviser wishing to remove an auditor, the broker-dealer or investment adviser shall seek the consent of the Commission in writing for such removal and upon the receipt of such consent notify the Commission in writing of the removal of the auditor within 14 days of such removal taking effect.

**3. Auditor's Report on any Prescribed Matters
(PNDCL 333 s. 91)**

- (a) Where an auditor in the performance of his duties becomes aware of any matter that:-
- (i) has adversely affected, is adversely affecting or may adversely affect the ability of the broker-dealer to meet his obligations as broker-dealer or;
 - (ii) constitutes or may constitute a breach of the provisions of the Law pertaining to the accounts to be kept by a broker-dealer; security documents in the custody of the broker-dealer, trust accounts, or fidelity funds the auditor shall lodge a written report



on the matter with the Commission with a copy to the broker-dealer and the stock exchange of which the broker-dealer is a member **within seven days of becoming aware of the matter.**

- (b) The management of the broker-dealer shall review such report and submit to the Commission its written observations on the report and the steps being taken to rectify the matters prescribed within 120 days after the end of the financial year.



PART VI

STAFFING AND CONTROL GUIDELINES



PART VI - STAFFING AND CONTROL GUIDELINES

(The provisions of this Part are applicable to all Broker-Dealers but only applicable to Investment Advisers licensed to manage securities)

SECTION O - STAFF

1. Qualifications

Every broker-dealer and investment adviser shall ensure that its chief executive officers, directors and employees who deal directly with clients in the performance of the dealing functions of the broker-dealer or the investment advisory functions of the investment adviser are in possession of valid broker-dealer's representatives or investment representative licenses issued in accordance with the Law.

2. Background Checks

- (a) It is imperative that the broker-dealer and investment adviser establishes documented procedures to review the background and qualifications of each new employee especially those who will be functioning as broker-dealer's representatives, or investment adviser's representatives.



- (b) The procedures shall focus on ascertaining and gathering information including information on:-
 - (i) whether the candidate has had a license application, refused or a licence suspended or revoked by the Commission or stock exchange or any professional body;
 - (ii) the integrity of the candidate and details of his past business conduct including his ability to satisfactorily perform fiduciary obligations imposed on him;
 - (iii) the candidate's academic and professional qualifications;
 - (iv) the candidate's employment records and observations of previous employers;
 - (v) the candidate's experience in carrying out the functions to be assigned to him;
 - (vi) suitable character references.

- (c) The investigations and observations shall be documented and filed in the employee's personal file.



3. Knowledge of the Internal Procedures

Copies of internal procedures shall be readily available to every employee and agent of the broker-dealer or investment adviser.

- (a) All employees and agents of the broker-dealer or investment adviser shall be made aware of all internal procedures, including additions and changes when made.
- (b) Every broker-dealer and investment adviser shall maintain records evidencing employees' and agents' acknowledgement that they are aware of and understand the internal procedures.

4. Awareness of Laws, Rules and Regulations

Every broker-dealer and investment adviser shall:-

- (i) encourage its employees and agents to maintain copies of applicable statutes, rules and regulations in force;
- (ii) establish a procedure whereby relevant employees are kept regularly informed about changes in applicable laws, rules and regulations.



5. Training

Every broker-dealer and investment adviser shall establish a system of continuous education for key staff on applicable laws, rules and regulations and compliance procedures:-

- (i) to ensure continued professional competence;
- (ii) to prevent the misuse or abuse of non public information;
- (iii) to ensure the proper handling of any conflict of interest and the fiduciary obligations owed to clients.

6. Reporting

Every broker-dealer and investment adviser shall report to the Commission and in the case of a broker-dealer, it shall also report to the stock exchange of which the broker-dealer is a member, whenever a director or representative or other employee of the broker-dealer or investment adviser:-

- (i) has violated any provision of the Law and regulations issued hereunder or the rules, regulations and requirements of the stock exchange (in the case of a broker-dealer);
- (ii) is the subject of a written client complaint alleging any offence involving fraud or dishonesty;



- (iii) is arrested, indicted or convicted or pleads guilty to any criminal offence;
- (iv) is the subject of disciplinary action taken by or against the broker-dealer or investment adviser involving the imposition of any fines or any other penalty.

7. Termination

Every broker-dealer and investment adviser shall immediately notify the stock exchange of which it is a member in the case of a broker-dealer and the Commission in writing of the suspension or termination of the employment or services of any broker-dealer's representative or investment adviser's representative employed by the broker-dealer or investment adviser.

SECTION P - BRANCHES AND AGENTS

1. Qualifications of an Agent

Every agent of a broker-dealer or investment adviser that performs for the broker-dealer or investment adviser any of the functions of the broker-dealer or investment adviser other than work ordinarily performed by accountants, clerks and cashiers, shall be the holder of a valid broker-dealer's representative or investment adviser's representative licence as the case may be.



2. Notification of Appointment and Termination

- (a) Every broker-dealer and investment adviser shall notify the Commission and in the case of a broker-dealer the stock exchange of which the broker-dealer is a member, of the appointment of every agent within 30 days of the appointment.
- (b) The termination of an agency arrangement shall be immediately advertised by the broker-dealer or investment adviser in at least two national newspapers of wide circulation. A simultaneous notification shall be made to the Commission and in the case of a broker-dealer the stock exchange of which the broker-dealer is a member within 30 days of the termination.
- (c) Upon the termination or expiry of an agency the broker-dealer or investment adviser shall ensure that all documents of identification or introduction given to the agent are returned.

3. Conditions of Appointment

- (a) Every broker-dealer and investment adviser shall ensure that every one of its agents -
 - (i) is of suitable financial standing;



- (ii) has adequate office facilities in the event the agent is a company or a firm;
- (iii) has made suitable arrangements to receive stock prices and all other material the broker-dealer or investment adviser makes available for investor reference;
- (iv) represents the broker-dealer or investment adviser only.

(b) Every broker-dealer and investment adviser shall ensure that the agency relationship it has with the agent is evidenced in the form of a written agreement incorporating inter-alia :-

- (i) details of the agency commission or fee;
- (ii) the terms and conditions of the agency;
- (iii) the period of the arrangement;
- (iv) details of deposits and guarantees to be taken from the agent.

4. Obligations arising from the Agency

- (a) The broker-dealer or investment adviser shall be liable for all transactions made by the agent and such liability shall continue until notice of termination of the agency has been published in the newspapers.



- (b) The broker-dealer or investment adviser will be liable for any breach of the Law committed by its agent.
- (c) The broker-dealer or investment adviser shall ensure that if the agent accepts funds from a client for the purchase of securities, such funds are acknowledged in accordance with the provisions of Section 3 of Part II of this Manual.
- (d) The broker-dealer or investment adviser shall ensure that such payments are transmitted by the agent to the broker dealer or investment adviser as expeditiously as possible.

5. Branch Offices

- (a) The broker-dealer or investment adviser shall monitor activities in all its branches to ensure compliance with the Law and internal policies and procedures.
- (b) Every broker-dealer and investment adviser shall ensure that the following branch review procedures are in place: –
 - (i) documented internal control procedures for branch activities;



- (ii) a system of documented periodic supervisory visits.

SECTION Q - OTHER CONTROL GUIDELINES

1. Division/Segregation of Duties

- (a) Every broker-dealer and investment adviser shall maintain an adequate separation of operations between its dealings as principal and as agent.
- (b) Every broker-dealer and investment adviser shall endeavour to maintain an adequate separation between:-
 - (i) the initiation and authorization of transactions;
 - (ii) approval of transactions;
 - (iii) record keeping;
 - (iv) custody of securities and other value documents;
 - (v) back office dealings with clients.
- (c) Every broker-dealer or investment adviser shall ensure that the following functions are regularly rotated:-



- (i) client account clerical duties;
- (ii) reconciliation of bank statements;
- (iii) custody of securities and other value documents.

2. Forms Control

- (a) All forms used by the broker dealer or investment adviser shall be reviewed regularly and approved by the management of the broker-dealer or investment adviser to ensure that they comply with regulatory requirements and the internal policy of the broker-dealer or investment adviser.
- (b) Critical forms such as contract notes, trade tickets, order forms, accounting vouchers and new cheque books shall be kept in the custody of a designated employee.
- (c) All requests for and the supply of forms must be documented and monitored to ensure that:-
 - (i) excessive or unauthorized quantities of forms are not distributed;
 - (ii) that forms already issued have been exhausted or are nearly exhausted.
- (d) The broker-dealer shall limit its representatives to one book of order entry forms at a time unless there are cogent reasons for not doing so.



3. Retention and Destruction of Records

- (a) Every broker-dealer and investment adviser shall comply with the record retention requirements imposed by the Law, the Commission and the stock exchange in the case of a broker-dealer of which the broker-dealer is a member.
- (b) Broker-dealers and investment advisers shall implement a destruction programme that will enable the destruction of records (including records in electronic form) to be carried out in an orderly manner based on a predetermined schedule.
- (c) The destruction of a particular record shall be authorized and supervised by an appropriate officer.
- (d) A register shall be maintained in which the details of all destroyed documentation shall be recorded prior to destruction.

4. Signatories

- (a) Every broker-dealer and investment adviser shall have designated authorized signatories for the signing of cheques and contracts.



- (b) Signatories shall be appointed by the Directors of the broker-dealer or investment adviser or persons nominated by them and the number shall be limited to the minimum required.
- (c) Records of authorized signatories shall preferably be maintained with the company secretary who shall be immediately notified of any changes.
- (d) The stock exchange, financial institutions and other relevant authorities shall be immediately notified in writing of any changes.

5. Returned Documents

- (a) Every broker-dealer and investment adviser must have procedures in place to review the contract notes, statements and other materials that are returned.
- (b) All such returns shall be logged in a register.
- (c) Returns shall be followed up as necessary.

6. Computer Controls, IT Administration and Protection

- (a) Every broker-dealer or investment adviser who relies on information technology and information



technology systems shall have documented procedures in place to ensure the physical security of the software and hardware of the system.

(b) Every broker-dealer and investment adviser who makes use of an external data center or in house computer system shall establish a written framework of controls to ensure:-

- (i) the accurate and continued processing of information;
- (ii) restricted access to confidential information by only those persons authorized by the broker-dealer;
- (iii) protection of computer programmes;
- (iv) documentation of computer programmes;
- (v) protection of source codes;
- (vi) protection of master file information;
- (vii) protection of transaction information;
- (viii) the maintenance of adequate and up to date back ups both on and off site;
- (ix) a documented disaster recovery programme.

(c) Every broker-dealer and investment adviser shall ensure that the software and hardware in its in-house computer system is covered by valid appropriate maintenance agreements.



- (d) Every broker-dealer and investment adviser shall ensure that the system and controls are examined regularly for integrity.



PART VII

SUPERVISION AND COMPLIANCE



PART VII - SUPERVISION AND COMPLIANCE

SECTION R - SUPERVISION

1. Procedures

- (a) Every broker-dealer and investment adviser shall establish systems and procedures for the adequate ongoing supervision of its activities, employees and agents.
- (b) These supervisory procedures shall be documented and shall cover all areas of significance and relevance.
- (c) The procedures must identify the manner in which supervisory activities are to be performed and documented.
- (d) The supervisory procedures must provide for periodic inspection of all business offices and agents of the broker-dealer or investment adviser, if any, to test for compliance with supervisory procedures.

2. Monitoring the Supervisors

- (a) Provision must be made for independent supervisory review and approval of activities and transactions of



those persons who themselves are performing supervisory functions.

- (b) Appropriate records shall be kept to document and as evidence of, supervisory reviews, approvals, and related activities.

3. Supervision of Trading Activities of Directors and Employees

- (a) The broker-dealer or investment adviser shall have adequate procedures to review the trading activities of its directors, employees, and agents to detect and prevent violations of the Law and the broker-dealer's or investment adviser's internal policy.
- (b) These procedures shall at the very least entail a review of all account activity on a weekly and monthly basis by the compliance officer.

4. Supervision of Dealings with Clients

The broker-dealer shall have procedures to determine that broker-dealer's representatives and investment adviser's representatives have a reasonable basis for recommendations to purchase or sell securities and to ascertain whether recommendations made to clients are consistent with the investment objectives of the client.



SECTION S - COMPLIANCE OFFICERS

(The provisions of this section are applicable to all broker-dealers but only applicable to investment advisers licensed to manage securities)

1. Requirements for a Compliance Officer

- (a) Every broker dealer and investment adviser shall appoint a designated person who will be responsible for monitoring the broker-dealer's and the investment adviser's compliance with the Law and regulations issued thereunder and with the laws, rules, regulations and procedures of the stock exchange of which the broker-dealer is a member.
- (b) Written notification of appointment of a 'compliance officer' to the Commission shall be made within 60 days of receipt of a broker dealer's licence or investment adviser's licence. (L.I.1728 reg. 25 (4)).
- (c) This person need not be titled a compliance officer but shall have direct access to the chief executive officer of the broker-dealer or investment adviser and where possible be divorced from the operational departments of the broker-dealer or investment adviser.

2. Qualifications and Licensing

The compliance officer shall have comprehensive knowledge of the securities laws, rules and regulations



insofar as they pertain to the broker-dealer or the investment adviser and the securities industry.

3. Responsibility

- (a) The compliance officer will be responsible for carrying out the checks and tests necessary to ensure that the operations and the business of the broker-dealer or investment adviser are in accordance with securities laws, rules and regulations.
- (b) The compliance officer will be required to ensure that all relevant employees of the broker-dealer or investment adviser are kept aware of laws, rules and regulations pertinent to their areas of responsibility.

4. Reporting

The compliance officer shall submit a report on a quarterly basis on his area of supervision to the CEO with a copy to the Commission and the GSE. (L.I.1728 reg. 25 (5) & (6)).

5. The Review of Trading by Directors, Employees and Agents

- (a) The compliance officer shall review all trades carried out by directors, employees and agents of the broker-dealer or investment adviser on at least a



monthly basis to ascertain if such trades have been executed in conformity with the procedure set out for staff trades.

- (b) The review shall also focus on ascertaining if there is any indication of dealings made on material non-public information or if staff's dealings have taken priority over those of a client.
- (c) All reviews shall be documented and included in the compliance officer's monthly report.

6. Penalty for Non-Compliance with Section S, Sub-Section 1-5

Any person who contravenes the provisions of L.I. 1728 reg. 25 of Section S ss1-5 of this manual shall be liable to any or both of the following penalties:

- (a) payment of a penalty of GH¢ 500 for each contravention;
- (b) revocation, suspension or such restriction on the licence as the Commission may impose (L.I.1728 reg.28).



7. Notification of Changes in Particulars

The compliance officer shall ensure that the broker-dealer or investment adviser and representatives employed by the broker-dealer or investment adviser notifies the Commission of all changes in licensing particulars, as required by the Law within fourteen days of the change. Notification shall be in the form and contain the particulars specified in Form SEC C (PNDCL 333 s. 60, & L.I.1728 reg.18, sch. 3).

8. Sanctions for Failure to Notify Commission of Changes in Particulars.

Any broker-dealer or investment adviser who fails to notify the Commission of any changes in particulars as required under the law and this manual is liable to a penalty of GH¢ 50 for each day that the default subsists and shall have its licence suspended if the period exceeds 30 days (L.I.1728 reg.19(2)).

9. Review of Client Trading

- (a) The compliance officer shall review client accounts regularly to detect and prevent problems or concerns with respect to:-
 - (i) Excessive activity;
 - (ii) Suitability;



- (iii) Unauthorized trading;
- (iv) Misrepresentation;
- (v) Other concerns.

10. Review of Client Records

- (a) The compliance officer shall review client records to ensure that the “know your client” requirements are being adhered to.
- (b) He shall also perform random cross checks with the master file to ascertain:
 - (i) if account documentation has been prepared at the time of account opening and is thereafter maintained for client accounts;
 - (ii) that agreements with clients set out the terms and conditions pertaining to the deposit or loan made or given by the client to the broker-dealer;
 - (iii) if client account document files are updated as necessary.

11. Review of Client Accounting

The compliance officer shall review and report on the procedures in place to alert accounting staff and



management of delayed payments with a view to ascertaining:-

- (i) effectiveness of the procedures;
- (ii) if interest charged to defaulters' accounts is being collected in accordance with the rules of the stock exchange of which the broker-dealer is a member;
- (iii) if proper records are being maintained of interest charged and collected;
- (iv) if defaulters are being reported expeditiously to the stock exchange of which the broker-dealer is a member;
- (v) if defaulters' stock positions are being liquidated in a timely fashion.

12. Review of Payments to Clients

The compliance officer shall review payments to clients to ensure:-

- (i) that payments are being made to clients on each settlement date and that all payments are supported by the necessary documentation and authorization;
- (ii) that records are being kept of the manner of delivery of payment and that the records facilitate accountability.



13. Review of Discretionary or Managed Accounts

The compliance officer shall review discretionary or managed accounts to ascertain if:-

- (i) account documentation is complete;
- (ii) if there are any indications of improper activity (excessive trading, unsuitable trades, etc.);
- (iii) copies of contract notes and statements are being delivered to the person in whose name the account is carried.

14. Review of Trust Accounts

The compliance officer shall review trust accounts of the broker-dealer to ascertain any indication of unauthorized or illegal disbursements.

SECTION T - OTHER REGISTERS TO BE MAINTAINED

1. Register of Interests in Securities (PNDCL 333 Part VI)

- (a) All broker-dealers, investment advisers and their representatives are required to maintain a register of the securities in which the broker-dealer, investment adviser or the representative has an interest.



- (b) A person is deemed to have an interest in securities if:-
- (i) he has entered into a contract to purchase a security;
 - (ii) he has a right (otherwise than by reason of having an interest under a trust) to have a security transferred to himself or to his order;
 - (iii) he has a right to acquire a security or an interest in a security under an option;
 - (iv) although he may not be the registered holder of a security he has a right (otherwise than by reason of his having been appointed a proxy or a representative to vote in respect of the said security) to exercise or control the rights attached to such security.
- (c) The register must contain particulars of the name of the broker-dealer/investment adviser/representative, the name of the security and the nature of the interest.
- (d) In the case of an acquisition, the date of acquisition, contract number, quantity acquired and price must be included.



- (e) In the case of an option or a right over a security or any other type of interest, details such as the period during which the option or right is to be exercised, the conditions (if any) applicable to such an exercise and the exercise price, if available, must be recorded.
- (f) The maintenance of a composite register by a broker-dealer or investment adviser, in which the details of securities in which the broker-dealer or investment adviser or any representatives directly employed by such broker-dealer or investment adviser have an interest, are recorded will be sufficient compliance with the provisions of the Law.
- (g) The broker-dealer or investment adviser must establish procedures to ensure that:-
 - (i) entries are made in the register within 7 days of the acquisition of the interest;
 - (ii) the form in which the register is being maintained, the particulars contained and the location at which the register will be kept is notified to the Commission as required by the Law;
 - (iii) The Commission is notified of any representative ceasing to be a representative.



2. Complaints Register and Procedure

- (a) Every broker-dealer and investment adviser shall establish procedures to deal effectively with client complaints.
- (b) The receipt of every complaint shall be acknowledged in writing to the person making it within five working days and the results of the investigation into the complaint conveyed to the client within 5 working days of the completion of the investigations and ensuing report.
- (c) Every broker-dealer and investment adviser shall maintain a complaints register in which shall be recorded all complaints received from clients.
- (d) Every complaint shall be issued a number and details of follow up action taken on the complaint shall be recorded in the complaints register.
- (e) The complaints register shall be made available for internal and external compliance reviews.
- (f) The complaints register shall be maintained and kept in the custody of the Compliance Officer and shall be made available for inspection by the Commission or the Stock Exchange to which the broker-dealer is a member.



- (g) Complaints may be oral or in writing provided that oral complaints shall be reduced to writing by the person accepting it.
- (h) Complaints involving employees' sales practices must be made known to the employees and their respective supervisors.
- (i) Complaints must be resolved expeditiously.
- (j) The Compliance Officer shall notify the Commission of any complaint which remains unresolved after a period of 30 days from the date of receipt of the complaint (L.I.1728 reg. 26(4)).
- (k) Every broker-dealer and investment adviser shall establish procedures to ensure that breaches of the internal policies of the broker-dealer are subjected to appropriate internal disciplinary procedures.
- (l) Every broker-dealer and investment adviser shall ensure that breaches of the Law and regulations are reported forthwith to the Commission and in the case of a broker-dealer the stock exchange of which the broker-dealer is a member.
- (m) Procedures must be established to ensure that senior management of the broker-dealer or investment adviser are made aware of all complaints received.



- (n) Complaints that indicate a significant breakdown of internal procedures and practices shall cause these procedures and practices to be reviewed by senior management with a view to change.

3. Penalties for failure to adhere to Compliance rules

Any person or organisation who fails to comply with any of the above shall be liable to pay a penalty of GH¢ 500 for each contravention or revocation, suspension or such restriction on the licence as the Commission may impose (L.I. 1728 reg. 28). The Commission may in addition to the imposition of GH¢ 500, impose further sanctions:

- (a) a restricted licence
- (b) suspension or
- (c) revocation



PART VIII

**RESEARCH,
SALES LITERATURE
AND ADVERTISING**



PART VIII - RESEARCH, SALES LITERATURE AND ADVERTISING

SECTION U - RESEARCH

1. Requirements of Research Reports

- (a) In preparing research reports consideration shall inter alia be given to the following factors insofar as they impact the issuer:-
- (i) macro-economic factors affecting the issuer and the industry the issuer operates in;
 - (ii) industry considerations and the issuer's position in the industry;
 - (iii) income statements and statement of cash flows;
 - (iv) balance sheet;
 - (v) dividend record and policy;
 - (vi) management;
 - (vii) facilities and programmes;
 - (viii) research and development including new products;
 - (ix) product markets, marketing, selling and distribution;
 - (x) nature of the security;
 - (xi) price record of the security;
 - (xii) future outlook.



2. Vetting and Supervision

All research reports issued to clients shall be vetted by a qualified supervisor to ensure that:-

- (i) the report is dated and all significant information is reasonably current;
- (ii) the current price, indicated dividend yield and price earning ratios of all recommended securities are given;
- (iii) all opinions, projections and estimates are labeled as such and not as facts;
- (iv) the report discusses appropriate relevant factors and the basic characteristics of the investment;
- (v) the following is disclosed:-
 - a. the ownership or intended ownership of the broker-dealer or any persons or investment adviser or the person preparing the report associated with such person in the stock being researched or related securities is disclosed;
 - b. Any underwriting activities the broker-dealer is engaged in with regard to stock being researched.
- (vi) the security is not on a restricted list;
- (vii) provision is made for simultaneous dissemination of initial copies of the report.



3. Retention of Research Materials

- (a) A broker-dealer or investment adviser shall ensure that copies of all research reports, articles containing research ideas, material with new statistical methodology or other material that were relied upon in preparing the research report are retained and filed.
- (b) A broker-dealer or investment adviser shall ensure that copies of all research reports, articles containing research ideas, materials with new statistical methodology or other materials that were relied upon in preparing the research report are retained and filed for at least 7 years.

SECTION V - SALES LITERATURE AND ADVERTISING

1. Compliance, Supervision and Records

Every broker-dealer or investment adviser shall ensure that: -

- (i) all sales literature and advertising material is properly prepared in accordance with the Law and regulations;



- (ii) a file of such sales literature and advertising material is maintained;
- (iii) such material is approved in a timely manner by a qualified supervisor prior to use or issue and that records are maintained of such supervisory approval.

2. General Principles

Sales literature and advertisements issued by a broker-dealer or investment adviser shall-

- (i) be based on principles of good faith and fair presentation and shall not in any way endeavour to mislead or deceive prospective investors;
- (ii) adhere to the highest standards of accuracy as regards its content;
- (iii) be couched in clear language readily understood by the public at large;
- (iv) describe clearly and unambiguously the nature of the investment or the service offered;
- (v) state sufficient relevant information to give an adequate description of the investment or services offered;
- (vi) ensure that all statements of opinion in an advertisement are sourced to an identified



- person and all reasonable steps are taken to ensure that the person expressing such opinion holds the same opinion as at the date of publication;
- (vii) ensure that all forecasts or projections of future performance are: –
- i. attributable to an identified source that takes responsibility for such forecast or projection and has consented to the publication of the forecast or projection;
 - ii. not misleading in form or content.

3. **Prohibitions**

- (a) No broker-dealer or investment adviser shall :-
- (i) issue or publish an advertisement offering a service with the intention of persuading or inducing any person who responds to the advertisement to transact business of a kind not described in the advertisement;
 - (ii) claim or suggest the independence of himself or any person associated with him in giving advice, making recommendations or exercising discretion unless such claim or suggestion may properly be made;



- (iii) Include any statement in an advertisement indicating the scale of activities or the extent of the resources of the broker-dealer which implies directly or indirectly that the resource available to support performance or its obligations are greater than they are;
 - (iv) claim or imply limited availability of services in any advertisement unless justified.
- (b) No advertisement issued by a broker-dealer or investment adviser shall carry a quote from a testimonial or commendation unless the quotation is:-
 - (i) a complete or a fair representation of the whole;
 - (ii) accurate and not misleading at the time when the advertisement is issued;
 - (iii) relevant to the investment or service offered;
 - (iv) attributable to an identifiable person who has consented in writing to the testimonial or commendation being used in the advertisement.



- (c) No advertisement issued by a broker-dealer or investment adviser shall give an investor the impression either directly or indirectly that the client's capital or income/profit is guaranteed by the broker-dealer unless there is a legally enforceable arrangement with a third person who undertakes to meet an investors' claim in full under a guarantee section. (L.I.1728 reg. 41(3)&(4)).
- (d) No advertisement issued by a broker-dealer or investment adviser shall give an investor an impression that investments made through the broker-dealer will always increase in value. (L.I. 1728 reg. 41(5)).



PART IX

DISCLOSURE OF INFORMATION BY ISSUERS OF SECURITIES



PART IX – DISCLOSURE OF INFORMATION BY ISSUERS OF SECURITIES

1. Invitations to the Public

- (a) A prospectus or offer document issued in connection with an offer or acquisition of any securities with information specified in L.I.1728 sch. 5 shall be submitted to the Commission for examination and approval.
- (b) Aside requirements in sub-regulation 1, every prospectus or offer document issued even to existing shareholders' to acquire additional shares shall contain adequate information considered necessary by the Commission for shareholders to make an informed decision.
- (c) The Commission shall examine and approve any documentation for the offer or acquisition of securities of legal bodies, (e.g. local authorities) with information specified in L.I. 1728 sch. 6 and shall be accompanied by a Trust Deed.
- (d) A specified fee as set out in L.I. 1728 sch. 2 shall be added to such documentation referred to in sub-regulations (1), (2) and (3). Any relevant information to facilitate the review and approval of the document shall be provided to the Commission.
(L.I. 1728reg. 51).



2. Supplementary prospectus or supplementary offer document

- (a) Where a prospectus has been approved under these Regulations in respect of an offer or invitation to the public of securities and at any time during the offer period:
- (i) there is a significant change affecting any matter contained in the prospectus or offer document which is required by these Regulations; or
 - (ii) a significant new matter arises which would have been required if it had arisen when the above documents were prepared; or
 - (iii) there is an important error in the prospectus or offer document,

the issuer shall, with the prior consent of the Commission, or if required by the Commission, publish a supplementary prospectus containing particulars of the change or new matter or; in the case of an inaccuracy, correct it and deliver the supplementary prospectus to the Commission for approval.



- (b) “Significant” as used in this regulation means significant for the purpose of investors making an informed assessment of the matters mentioned in the prospectus or offer document.
- (c) Where a supplementary prospectus has been approved in respect of an offer or invitation to the public, the prospectus originally approved and the supplementary prospectus shall be read together (L.I. 1728 reg. 52).

3. Power of the Commission to extend, re-open or cancel the offer

- (1) Where in the opinion of the Commission before the allotment date, circumstances have occurred or any information has emerged that fundamentally alters the basis of approval of the offer or invitation to the public and which renders the information contained in the prospectus or offer document inadequate, the Commission shall require the issuer to issue a supplementary prospectus disclosing the additional information.
- (2) The Commission may require the issuer to:
 - (a) extend the offer to allow investors to make an informed decision in the light of the new disclosure; or



- (b) re-open the offer for such period as shall be determined by the Commission to allow investors either to re-confirm their applications for subscription or withdraw their application; or
- (c) cancel the offer

In addition to the requirement that the issuer issues a supplementary prospectus disclosing the additional information. (L.I. 1728 reg. 53)

4. Annual Reports

An issuer of securities to the public shall prepare and circulate to the Commission, its shareholders/bondholders and the Stock Exchange on which it is listed before the expiry of three months from the close of its financial year, an annual report containing audited annual financial statements presented in accordance with the Ghana National Accounting Standards issued by the Institute of Chartered Accountants (Ghana). (L.I. 1728 reg. 54).

5. Quarterly Financial Statements on corporate securities

- (1) An issuer of corporate securities to the public shall make available to the Commission, shareholders/bondholders and the stock exchange on which it is listed before the expiry of one month



from the end of each quarter, financial statements for the quarter which contain the particulars specified in this regulation and any other information that may be specified by the Commission, however, if an issuer can circulate to the Commission, stock exchange, shareholders/bondholders its annual report before the expiry of 2 months from the end of the financial year, it will be exempted from circulating the fourth quarter financial statements.

- (2) The quarterly financial statements shall:
- (a) be signed by either two directors of the issuer or one director and the chief executive officer;
 - (b) be presented on a basis consistent with the presentation adopted by the company in its most recent annual financial statements;
 - (c) be presented primarily on a year to date basis except where the disclosure of events or transactions material to the quarter is required under these regulations or is relevant to explain the performance of the issuer for the interim period.



- (3) The issuer may exercise the option to publish the quarterly financial statements in the press instead of despatching the statements to each shareholder individually.
- (4) In the event that an issuer exercises the option specified in sub-regulation (3), the financial statements shall be published in at least two national newspapers. (L.I. 1728 reg. 55).

6. Contents of Quarterly Financial Statements

- (1) The quarterly financial statements shall comprise either a complete set of financial statements or a set of abridged financial statements which should include at least:
 - (a) a balance sheet;
 - (b) an income statement for the period and on an up to date basis;
 - (c) a statement where relevant showing either –
 - (i) changes in equity;
 - (ii) a statement of standard gains and losses, changes in equity except those arising from capital transactions with owners and distribution to owners
 - (iii) selected explanatory notes as specified in the regulations;



- (iv) a summarised cash flow statement.
- (2) The quarterly financial statements shall
 - (a) include at least the headings and sub totals that were included in its most recent financial statements with additional line items included if their omission would make the quarterly financial statements misleading; and
 - (b) include details of the basic and diluted earnings per share presented on the face of the quarterly income statements.
- (3) Quarterly financial statements must disclose at least
 - (a) the following information by way of notes if material and if not disclosed elsewhere in the quarterly financial reports:
 - (i) a statement that the same accounting policies are followed in the quarterly financial statements as compared with the most recent annual financial statements or if a change in policies has occurred a description of the nature and effect of the change;
 - (ii) explanatory comments about the seasonality or recurring nature of quarterly operations if relevant;



- (iii) the nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual on account of their character, size or incidence;
- (iv) the nature and amount of any changes in estimates in amounts reported in prior interim periods of the current year or in prior years if those changes have a material effect in the interim period;
- (v) issuances, repurchases and repayments of long-term and short-term securities;
- (vi) dividends aggregate or per share paid separately for ordinary shares and other shares;
- (vii) relevant events subsequent to the end of the interim period that have not been reflected in the financial statements for that period;
- (viii) the effect of changes in the composition of the company during the interim period arising from business combinations, disposals, restructuring and discontinued operations but in the case of the latter it shall indicate all significant activities since the end of the most recent financial reporting relating to the discontinuing operation and



shall include significant changes in the amount or timing of cash flows relating to assets and liabilities disposed of or settled; and

(ix) changes in contingent liabilities and assets since the last balance sheet date; and

(b) any other events or transactions that are relevant to an understanding of the period to which the statements relate. (L.I. 1728 reg. 56)

7. Sworn Statement

Each annual and quarterly return submitted to the Commission by issuers shall be accompanied with a sworn statement by the chief executive or chief financial officer stating that the return does not contain untrue statements, misleading facts or omission of relevant facts.

8. Review of Financial Statements

(1) Each annual and quarterly financial statement submitted to the Commission under this Part shall be subject to the Commissioners review to ensure compliance with accounting standards and securities laws.



- (2) The Commission may require a person who submits the financial statements as well as the external auditors of the person to provide it with such other information including books, records and files that it considers necessary to facilitate the review.
(L.I. 1728 reg. 58)

9. Investigation of accounting matters by the Commission

- (a) Where the Commission has reason to suspect that a person who submits a financial statement under this Part is involved in accounting malpractice, it may make such investigation as it considers proper in pursuance of the Law.
- (b) The Commission or its appointed person in conducting the investigation shall be given access to books, documents, records, files, etc. as may be required by the person under investigation and may appoint a person with such qualifications as it considers appropriate to exercise the powers under sub regulation (1). (L.I. 1728 reg. 59)

10. Obligation to disclose information

- (1) An issuer that has its securities listed on a stock exchange shall comply with the disclosure requirements of that stock exchange.



- (2) An issuer of unlisted securities shall immediately disclose the information stated in sub-regulation (3) to the public through a licensed broker-dealer with a copy to the Commission.
- (3) In the case of an issuer of corporate securities, the information referred to in sub-regulation (2) shall include but not restricted to information concerning-
 - (a) material acquisitions or disposals of investments that can affect the performance or profitability of the issuer;
 - (b) acquisition of shares of another company by the issuer which would result in the company becoming a subsidiary of the issuer;
 - (c) proposed change in the general character or nature of the business of the issuer;
 - (d) offers or proposals for the purchase or sale of any controlling interest or any material part of the assets of the issuer or of a subsidiary of the issuer;
 - (e) recommendation or declaration of a dividend or a bonus issue of securities;
 - (f) intention, recommendation or decision by the issuer to raise more capital;
 - (g) substantial change in the shareholding structure of the issuer;



- (h) application filed in court to wind up the issuer or any of its subsidiaries;
 - (i) appointment of a receiver or liquidator for the issuer or any of its subsidiaries;
 - (j) change in the directors, company secretary, registrars or auditors of the issuer;
 - (k) intention to pass a resolution at any meeting of the members of the issuer and whether or not such resolution was carried; and
 - (l) change of address of the registered office of the issuer or of any offices at which the register of securities of the issuer is kept.
- (4) In the case of an issue of securities by statutory bodies, including local authorities, the information referred to in sub-regulation (2) shall include but not restricted to:-
- (a) material acquisitions or disposals of investments that could affect the performance or profitability of the issuer;
 - (b) acquisition of interest in another entity by the issuer which gives him/her a controlling interest.
 - (c) proposed change in the general character or nature of the business of the issuer;



- (d) offers or proposals for the purchase or sale of the material part of the assets of the issuer;
 - (e) intention, recommendation or decision by the issuer to raise more loans;
 - (f) change in the directors, secretary, registrars or auditors of the issuer; and
 - (g) change of address of the registered office of the issuer or of any offices at which the register of securities of the issuer is kept.
- (L.I. 1728 reg. 60)

11. Audit sub-committee

Every issuer of corporate securities to the public shall make available to the Commission written evidence on the operation and effectiveness of the audit sub-committee of the issuer's board of directors. (L.I. 1728 reg. 61)

12. Penalty

Any person who violates the provisions of regulations 54, 55 and 60 shall be liable for the payment of a penalty of GH¢200 for every day that the default subsists (L.I. 1728 reg. 62).



PART X

**PRINCIPLES OF CONDUCT
TO BE ADHERED TO BY
INVESTMENT PROFESSIONALS**



PART X - PRINCIPLES OF CONDUCT TO BE ADHERED TO BY INVESTMENT PROFESSIONALS

1. Investment Professionals

The term investment professionals shall include broker-dealer's representatives, investment advisers and investment adviser's representatives.

2. Proper Business Conduct

Investment professionals who are employees and agents of a broker-dealer or investment adviser shall adhere to proper practice and just and fair principles of trade and the highest professional standards in the solicitation and conduct of the business affairs of the broker-dealer or investment adviser.

3. Standards of Ethical and Professional Conduct of Investment Professionals

- (a) An investment professional shall conduct himself and his affairs with integrity, promptitude, dignity and act in an ethical manner in dealings with the public, clients, customers, employees and fellow financial professionals.



- (b) An investment professional shall conduct himself and shall encourage others to practice the skills of financial analysis and the giving of investment advice in a professional and ethical manner.
- (c) An investment professional shall act with competence and shall strive to maintain and improve his competence.
- (d) An investment professional shall use proper care and exercise independent professional judgement at all times.

4. Know Your Client

An investment professional shall make a diligent and business like effort to learn the essential financial, personal and investment circumstances and objectives of every client he represents or handles.

5. Knowledge and Compliance

An investment professional shall make a continuous effort to maintain a high standard of professional knowledge and comply with all applicable laws, rules and regulations governing his professional, financial or business activities.



6. Professional Misconduct and the Prohibition on Assisting Illegal and Ethical Violations

- (a) An investment professional shall not engage-
 - (i) in conduct involving dishonesty, fraud or deceit;
 - (ii) in misrepresentation;
 - (iii) in activities that would reflect adversely on his honesty, trustworthiness or fitness to be an investment professional or bring the securities industry into disrepute.
- (b) An investment professional shall not participate in or assist any acts in violation of any applicable law, rule or regulation.

7. Use of Material Non-public Information

- (a) An investment professional shall comply with all laws, rules and regulations relating to the use and communication of material non-public information.
- (b) An investment professional shall not communicate any material non-public information which will have a bearing on the price or value of a security or take or procure or induce the taking of investment action upon such information if:-



- (i) the information is acquired as a result of a confidential relationship with the issuer of the security or a person connected with the issuer of the security or any other person having access to such information including a holder of such security;
- (ii) the investment professional is not in a confidential relationship with a possessor of material non-public information regarding the price or value of a security but he knows that such information has been disclosed to him in breach of a law, regulation, rule or duty or has been misappropriated.

8. Responsibility of Supervisors

An investment professional with supervisory responsibility shall exercise reasonable care to ensure that subordinates subject to his supervision comply with applicable laws, rules and regulations in the conduct of securities business.



9. Suitability of Recommendations

- (a) An investment professional shall exercise diligence and thoroughness in making an investment recommendation to a client or in performing an investment action on behalf of a client.
- (b) An investment professional shall have a reasonable and adequate basis for such recommendations and actions, which must be supported by appropriate research and investigation.
- (c) An investment professional shall not recommend the purchase or sale of a security to a client without reasonable grounds for believing that the recommendation is suitable for such client on the basis of information furnished by such client concerning the clients' objectives, financial situation and needs and any other information submitted.
- (d) An investment professional shall maintain a written record of all representations or recommendations made to a client and the information that supports the reasonableness of such representations or recommendations.
- (e) When making recommendations or taking investment action for a managed or discretionary portfolio of a client the investment professional shall take into account:



- (i) the investment objectives identified in the portfolio management documents;
 - (ii) the need and circumstances of the client;
 - (iii) the basic characteristics of the total portfolio.
- (f) An investment professional shall distinguish between facts and opinion in the presentation of investment recommendations.

10. Withholding of Information

An investment professional shall not withhold information which he shall reasonably be aware may be advantageous or prejudicial to the interests of his client.

11. Prohibition against Misrepresentation of Services and Investment Performance

An investment professional shall not make any statements, orally or in writing which misrepresents -

- (i) the services the investment professional or the broker-dealer or investment adviser he is employed by is capable of performing for the client;



- (ii) his qualifications;
- (iii) the expected performance of any investment;
- (iv) the performance achieved by an investment.

12. Client Accounting and Records

- (a) An investment professional shall maintain or cause to be maintained proper records and render accounts to his clients for the purchases and sales of securities.
- (b) An investment professional shall ensure the making of prompt payment in respect of securities sold and arrange for prompt delivery of securities purchased by clients.
- (c) An investment professional who is managing investments for a client shall maintain sufficient records to enable him at any time without undue delay to establish the precise cash, investment and business position of the client.

13. Guaranteeing Client against Loss

An investment professional shall not directly or indirectly guarantee a client against loss in any securities transaction executed by such client or in respect of any securities



transaction effected by the broker-dealer, investment advisor, broker-dealer's representative or investment adviser's representative on behalf of such client.

14. Sharing in Client's Profits or Losses

An investment professional shall not directly or indirectly share in the profits and benefits or losses of any client arising out of any transactions in securities.

15. Declaration of Interests in Securities

- (a) An investment professional shall comply with all requirements pertaining to the disclosure and declaration of interest in securities imposed by laws, rules and regulations.
- (b) An investment professional who is in the employ of another shall disclose to his employer all matters that could reasonably be expected to interfere with or impair the discharge of his duties in an unbiased or objective manner.



- (c) An investment professional who has an interest in a security is required to disclose the interest in any circular or other similar communication in which he makes a recommendation expressly or by way of implication regarding the said security.

16. The Need to Subscribe to Written Communications

Any circular or other written communication or written offers (including an offer of services) or recommendation must be signed by the investment professional or by the director or a senior executive officer or the secretary of the broker-dealer or investment advisor who employs him.

17. Execution of Client Orders

- (a) An investment professional shall endeavour to execute orders received from client as expeditiously as possible provided that he may postpone the execution of an order where he believes such postponement will be in the best interest of the client.
- (b) An investment professional shall execute orders for clients at the best available market price taking into account the relevant market at the time of execution,



the security to be transacted and the size of the order, unless specifically instructed by the client to the contrary.

- (c) An investment professional shall not encourage or be a party to sales or purchases made with the sole object of generating commissions or levying other charges on a client.

18. Research

- (a) An investment professional shall use reasonable judgment as to the inclusion of relevant factors in research reports.
- (b) An investment professional shall distinguish between facts and opinion in research reports.
- (c) An investment professional shall indicate the basic characteristics of the investment involved when preparing a report for general public distribution.

19. Priority of Transactions

- (a) An investment professional shall conduct himself in such a manner that transactions for his clients or



employer shall have priority over transactions in securities in which he or a person associated with him has an interest.

- (b) An investment professional shall afford his client and employer adequate opportunity of acting on an investment recommendation made by him before acting on his own behalf.

20. Compensation

An investment professional shall inform his client and employer of any compensation or other benefits in connection with his services, which accrue to him in addition to compensation from them for such services.

21. Disclosure of Referral Fees

An investment professional shall make appropriate disclosure to a prospective client of any consideration paid or other benefit derived from others for recommending his services or the services of his employer to the client.



22. Duty to Employer

An investment professional in the employment of another shall not undertake independent practice, which would result in compensation or other benefits in competition with his employer unless he has received the written consent of his employer and the stock exchange with which the investment professional is registered.

23. Preservation of Confidentiality

- (a) An investment professional shall maintain the highest standards of integrity and secrecy and
- (b) Preserve the confidentiality of information communicated by the client concerning matters within the scope of the investment professional-client relationship and shall not disclose such information except with the clients permission or when ordered to do so, by an authority empowered to obtain that information, provided that if an investment professional receives information regarding illegal activities on the part of client he is bound to bring such activity to the notice of the relevant authorities without delay.



24. Sanctions for misconduct

Failure to comply with Part IX (Principles of Conduct of Investment Professionals) of this Manual shall attract the following penalties:

1. Cautions
2. Fines
3. Suspension
4. Revocation and/or prosecution



PART XI

SANCTION FOR NON-COMPLIANCE



PART XI - SANCTIONS FOR NON-COMPLIANCE

- (1) Failure to comply with the provisions of this Compliance Manual is grounds for the taking of disciplinary action or the exercise of powers of intervention of the Commission.
- (2) The exercise of discretionary powers of the Commission shall include but shall not be limited to the following:-
 - (i) Revocation or suspension of licences.
 - (ii) Written warning or public reprimand.



APPENDICES



APPENDIX 1

MATTERS TO BE COVERED IN COMPLIANCE OFFICER'S REPORT

Report to be submitted by the compliance officer to the CEO of the Dealer with a copy to the SEC and the GSE

General Information

1. Name of the Dealer
2. Name of officer making the report
3. Period to which report relates (reporting period)
4. Date of report.

Changes in Licensing Particulars

5. Details of changes to the Constitution and Regulation of the Dealer and copies of requisite approvals obtained or applied for.
6. Details of any changes in shareholders, bankers, auditors or secretaries.
7. Change of address.

Reporting

8. Details of all reports or statements required by the SEC/GSE to be filed in terms of the Securities Industry Law or regulations or directives issued or in terms of the regulations of the GSE which are outstanding and the reasons for the delay in filing or non filing.



Employees and Agents

9. Changes in the details of employees and agents of the dealer along with qualifications and job descriptions of any new recruits.

Compliance Procedures

10. A confirmation that the following areas were reviewed and the details of breaches in compliance procedure if any observed
 - (a) Dealer dealing as principal
 - (b) Know your client
 - (c) Discretionary accounts
 - (d) Staff trades
 - (e) Contract notes
 - (f) Central Order Desk procedure
 - (g) Reconciliation of orders

Minimum Financial Requirements

11. Confirmation that the dealer's capital and liquidity are compliant with the minimum financial requirements specified by the SEC.

Customer Accounts

12. Confirmation that trust/client bank accounts are being maintained separate from the dealer's accounts and in accordance with SEC requirements.



13. Confirmation that only permitted drawings have been made from client trust accounts.
14. A list of all outstanding contracts as at the date of the report specifying those that are overdue and action taken thereon.
15. A list of securities due to/and from clients.
16. Confirmation that clients have been provided with statements in a timely manner.

Margin Accounts

17. Confirmation that margin accounts are being maintained within prescribed limits and that margin calls have been made in a timely manner and have been honoured or an appropriate negative statement with details.

Complaints Register

18. List of outstanding complaints including the date on which the complaint was received and the current status.

Register of interests

19. Confirmation that the register is updated and the required filings have been made with the SEC.

**Research/Sales Literature/Advertising**

20. Confirmation that all issues made in connection with the above have complied with SEC/GSE regulations and the provisions of the Law.

Any other matters which in the view of the reporting officer impinges on the financial and systemic stability of the Dealer including any detection or suspected insider trades, market manipulations, washed sales etc. performed by any employees and/or client of the dealer.

Signature of Compliance Officer



APPENDIX 2 - CIRCULARS

APPOINTMENT OF DIRECTORS OF LICENSED DEALING MEMBERS/STOCKBROKERS TO BOARDS OF PUBLIC COMPANIES

CIRCULAR NUMBER: SEC/CIR/001/2002

Preamble

The Commission considers that it is not in the interest of the investing public for directors or executive officers of Licensed Dealing Members (LDMs) to be appointed as directors of listed and other companies as such an appointment could give rise to conflict of interest, insider trading, and other types of market manipulation.

Consequently, it directs as follows:-

- (i) henceforth, no director or executive officer of a licensed operator shall concurrently serve on the board of a public company (listed or unlisted)
- (ii) no public company shall accept the appointment of any person who is a director or executive officer of a licensed operator
- (iii) any director or executive officer of a licensed operator currently serving on the board of a public company (listed or unlisted) shall take steps to resign as a director of that company by the 15th of July 2002, and hereafter notify the Commission accordingly.



Sanctions

The Commission will sanction any licensed operator or any officer or director of such licensed operator and a public company who violates the above directives.

DISTRIBUTION

- 1. ALL PUBLIC COMPANIES (LISTED AND UNLISTED)**
- 2. GHANA STOCK EXCHANGE**
- 3. LICENSED OPERATORS**

Dated May 31, 2002.



ACQUISITION OF SECURITIES OF PUBLIC COMPANIES BY LICENSED DEALING MEMBERS/BROKER-DEALERS AND INVESTMENT ADVISERS.

CIRCULAR NUMBER: SEC/CIR/002/2002

PREAMBLE

The Commission has, in the course of its surveillance activities, noticed an emerging trend whereby Licensed Dealing Members (LDMs) acquire the securities of public companies to the extent of gaining a controlling interest in such companies.

While the Commission acknowledges that under PNDCL 333 an LDM may deal as a principal, the absence of a prescribed limit to an acquisition by an LDM may give rise to market manipulations, which would not create the necessary atmosphere for the orderly growth and development of the capital market.

In view of the above, and pursuant to its functions under sections 9 (b) (d) (f) (g) and (i) of PNDCL 333, the Commission hereby directs all LDMs/Stockbrokers and Investment Advisers (hereinafter referred to as “Licensed Operators”) as follows:



DIRECTIVES

- i) A Licensed Operator may acquire the securities of a public company provided such acquisition shall not in aggregate constitute a percentage that would trigger a takeover offer as provided under the GSE Rules or any other Code or Legislation, currently in force.
- ii) Where a Licensed Operator acquires 5% or more of the securities of a public company, such fact shall be disclosed to the Commission. Any additional acquisition of up to 2% or more shall also be disclosed to the Commission.
- iii) A Licensed Operator shall also disclose to the Commission, a disposal of securities of up to 2% or more after the initial acquisition of 5% or more of securities of a public company.
- iv) Upon the occurrence of any acquisition or disposal for which a disclosure has to be provided to the Commission as stipulated under (i) – (iii) above, the disclosure shall reach the Commission before the next trading session following the trading session at which the acquisition or disposal was made.



SANCTIONS

The Commission shall sanction a Licensed Operator or officer of a Licensed Operator who violates the above directives.

EFFECTIVE DATE

This circular takes effect from 1st June 2002

DISTRIBUTION

- 1) LICENCED OPERATORS
- 2) ALL PUBLIC COMPANIES (LISTED AND UNLISTED)
- 3) GHANA STOCK EXCHANGE

DATED : MAY 31, 2002



OUR REF: SEC/CIR/LIC.OPS./V.1

21ST JUNE, 2002

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.....
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**RE : CIRCULARS ON APPOINTMENT OF DIRECTORS
AND ACQUISITION OF SECURITIES OF PUBLIC
COMPANIES**

We wish to bring to your notice that references made to “public companies” in our Circulars Nos. **SEC/CIR/001/2002** and **SEC/CIR/002/2002**, issued on 31st May 2002, apply only to companies limited by shares.

As such, directors of LDMs may serve on boards of companies that are not limited by shares.

Please take note accordingly.

DR. CHARLES ASEMBRI
DIRECTOR-GENERAL



TO ALL BROKER-DEALERS AND INVESTMENT ADVISERS

REPORT OF COMPLIANCE OFFICERS – REGULATION 25 (7) (b) & (c) OF SECURITIES AND EXCHANGE COMMISSION REGULATIONS, 2003, L.I. 1728

CIRCULAR NUMBER: SEC/CIR/002/2004

Regulation 25 (3) of the Securities and Exchange Commission Regulations 2003, L.I. 1728 provides that each Broker-Dealer or Investment Adviser licensed to manage a portfolio of securities shall appoint a suitably qualified officer from its staff as a designated Compliance Officer.

Regulation 25 (7) (b) and (c) further provide that the Compliance Officer shall submit written reports to the Commission on the degree of compliance by the Broker-Dealer or Investment Adviser with the laws and regulations of the industry and in the case of a Broker-Dealer with the laws and regulations of the stock exchange of which it is a member. Regulation 25 (5) and the Commission's Compliance Manual for Dealers and Investment Advisers (circulated in April 2000) provide guidelines on the content of such reports.

This circular is to remind Broker-Dealers and Investment Advisers of this obligation and of Regulation 28, which provides the penalty



for non-compliance with Regulation 25. Defaulters will be liable for the payment of a penalty of ₵5million or the revocation, suspension or such restriction on licenses as the Commission may impose.

Pursuant to Regulation 25 (6) and effective the third quarter of 2004, Compliance Officers will be required to submit quarterly reports to the Commission. The reports should be received within 15 days after the quarter to which they relate.

EUDORA KORANTENG (MRS)
DEPUTY DIRECTOR-GENERAL

DISTRIBUTION:

ALL BROKER-DEALERS AND INVESTMENT ADVISERS

Dated: 14th July 2004



TO CUSTODIANS

IMPLEMENTATION OF REGULATION 33 (3) (a) OF THE SECURITIES AND EXCHANGE COMMISSION REGULATIONS 2003, L.I. 1728

CIRCULAR NUMBER: SEC/CIR/O2/2004

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

REGULATION 33 (3) (a) – REPORTS AND RETURNS TO BE SUBMITTED BY DEALERS AND INVESTMENT ADVISERS

Regulation 33 (3) (a) provides that a dealer other than a broker-dealer shall submit to the Commission not later than 21 days after the end of each quarter, quarterly returns containing information that would be specified from time to time by the Commission.



Please find attached, a copy of forms to be used for the submission of returns by Custodians as prescribed by Regulation 33 (3) (a).

FORM SEC / CUSTODIANS

SECURITIES AND EXCHANGE COMMISSION QUARTERLY / ANNUAL RETURNS FROM CUSTODIAN AS AT

1. Name of Company
2. Address
3. Telephone / Fax Number (s) / Email
4. Date of renewal of Registration with the SEC
5. a) (Where applicable) Names of substantial share holders (5% holding and above)
- b) (Where applicable) Any changes of Directors / Partners? Yes/No
if yes, give details:
- c) Have you notified the SEC? Yes/No
6. a) Any changes of licenced personnel? Yes/No
if yes, give details
- b) Have you notified the SEC? Yes/No



7. Capital
- a) Minimum Capital
 - b) Paid up Capital
 - c) Reserves
 - d) Shareholders' Funds

Mutual Fund Scheme

8.
 - a) Name of Scheme
 - b) Number of Share Outstanding
 - b) Number of Share Holders
 - c) Redemption: Shares & Value
9. Name of Manager
10. Summary (value) of Total Investments
- a) Money Market Investments:
 - i. In-house
 - ii. Others
 - b) Capital Market Investments
 - c) % of Capital Market Investment to Total Investments
11. Are all investments endorsed by Managers? Yes/No
12. Are all certificates of investments with Custodian? Yes/No
- if No, give reasons.
13. Outstanding:
- a) Dividends/Interests/Capital Gains (GHC)
 - b) Rights/Bonus issues/Stock Splits
 - c) Transfer Receipts (aged list)
 - d) Balance Receipts (aged list)



14. How often is the Register of shareholders inspected to ensure its proper upkeep?
15. List of services, incidental or otherwise provided to clients:
16. Authorised Signatory/Status
17. Date and Stamp

EUDORA HILDA KORANTENG (MRS.)

DEPUTY DIRECTOR-GENERAL

DATE : 31ST AUGUST 2004

DISTRIBUTION

BARCLAYS BANK

MERCHANT BANK

STANBIC BANK



**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



MARKET GUIDANCE FOR THE ISSUE OF SECURITIES

The following guidelines are provided to aid the process of issuing securities to the public. These guidelines will be used in all Initial Public Offers (IPOs) as well as Additional Listings in which case the details will be varied as the case may be.

(1) Offer document submission requirements

(a) Time frame

The circular of 5th December 2002, which was distributed to all Licensed Dealing Members, the Stock Exchange, Investment Advisers and Listed Companies, refers. You are reminded that the circular requires draft prospectuses or documents to be submitted to the Commission at least 6 weeks before the proposed date for the opening of an offer. This does not mean that the Commission will take 6 weeks to process the application in each case. The processing time may be more or less than 6 weeks depending on how much review has to be done. It will also depend to a great extent on the nature of the document, the gravity of the issues raised, and how quickly sponsors respond to issues that will be raised during the process. In every case the Commission will endeavour to act as quickly as possible.



(b) Prospectus and supporting documents

An application for the approval of an offer document shall be addressed to the Director-General of the SEC. Every application for approval shall be accompanied with two draft offer documents for review and examination. After the review has been completed, ten copies of the final draft offer document shall be submitted for onward submission to the members of the Approvals Committee. Copies of the following documents should be submitted with the draft prospectus/document:

- All resolutions passed by shareholders in respect to the offer and the company
- Revaluation report on assets
- Share price valuation
- Company regulations
- Audited financial statements for the relevant period
- Certificate of incorporation and commencement of business
- An escrow account agreement
- Any other documents that may have been referenced in the prospectus as available for inspection during the offer period or
- Any documents required for inspection by the Commission.



(2) Review Process

The Commission will acknowledge receipt of a draft prospectus within five working days.

It is important to note that the minimum processing period of six-weeks shall be effective only when the Commission is satisfied with the completeness on the face of it, of the draft prospectus, and this shall be communicated to the lead manager. It is therefore the duty of the lead manager to ensure the completeness and accuracy of the prospectus before submitting it to the Commission. The review process itself, is to establish that the prospectus has been prepared in accordance with the Securities and Exchange Regulations, 2003 (L.I. 1728) and contains adequate disclosure.

During the review the Commission will:

- (i) schedule meetings with sponsor (and/or issuer) to discuss issues that need to be discussed.
- (ii) advise amendments to the timetable as may be necessary in view of issues that arise.

(3) Responsibilities of the sponsor and issuer during the examination and approval period

The sponsor/issuer will be required to co-operate fully with the Commission during the process.



Any new material information regarding the issue/issuer that becomes available during the period (from the submission of the application to the SEC until the offer closes) must be communicated to the SEC and incorporated in the offer document. The Commission will treat any such information that is not disclosed as material information withheld. Appropriate sanctions will apply in the event of such conduct.

The issuer may proceed on a publicity campaign during this period with the sole intention of generating interest of the investing public and to solicit commitments in the offer.

(4) Launching and opening of the offer

The offer can be launched and declared open only after the Commission's approval of the prospectus or offer document has been given in writing. It is only then that the time-table for the offer can be fixed and presented to the Commission for approval. The prospectus should then be made available to the public and investors can formally apply for the shares.

Where the issuer intends to use mini prospectuses, the Commission needs to be informed about this. It should be stated on the front cover that the Mini Prospectus should be read in conjunction with the full prospectus. Full



Prospectuses should be made available for inspection and for applicants who wish to have them.

During the offer period the issuer can continue to advertise or promote the issue to ensure success, but cannot introduce any new information that is not already disclosed in the prospectus or offer document without prior permission from the Commission. Both manager and issuer however, have an obligation to report to the Commission on any new information that is material to the offer, and to do so in a timely manner. Such new material information will be disclosed to the public in the form of an addendum or by way of a publication or any other mode of dissemination as the SEC may direct. The Commission has the power to invalidate the offer should the circumstances so warrant.

(5) Use of the escrow account

The Commission requires the use of an escrow account for the lodgement of all subscription monies for any public issue of securities. A template for a typical escrow agreement is available at the SEC for guidance. The following procedures are to be followed in the use of an escrow account.

- (a) open an escrow account at a bank and submit the Agreement to the SEC.



- (b) escrow accounts shall be non-interest bearing.
- (c) all subscription monies shall be paid directly into the escrow account.
- (d) the escrow account shall not be debited except as a result of returned cheques, refund of oversubscription monies, or the payment of the offer amount to the issuer.
- (e) all refunds shall be paid out of the escrow account that received the monies.
- (f) refunds shall be in the form of printed cheques (like dividend warrants) payable to subscribers and may be opened for cash on request.
- (g) a statement of account of the escrow account shall be submitted to the Commission within 14 days after the close of the offer.
- (h) a bank issuing shares to the public may not hold its own escrow account.

During the period of refunding money to subscribers the Commission shall be furnished with periodic (fortnightly) reports on the status of the refund process.

(6) Extension of the offer period

Sponsors of the offer may apply to the Commission for an extension of the offer period. The following points should guide such requests.



- (a) problems that may affect the success of the offer must be brought to the notice of the Commission before the offer closes.
 - (b) The Commission will consider applications for extension on a case-by-case basis, especially in situations where market dynamics may have created a situation that might have affected the overall response to an offer.
 - (c) The sponsor/issuer is required to monitor the progress of the offer and the market as a whole during the offer period, and this must be demonstrated to the Commission. An application for extension therefore should be made at least one week before the close of the offer (and not after the offer has closed), stating tangible reasons for the request. The Commission has the discretion to approve or decline the request.
 - (d) The Commission will respond to an extension request within 2 days of receipt of the request in writing.
- (7) Report on the outcome of the offer
- Regulation 33 (5) of the L.I. 1728 requires a person performing the functions of an issuing house or a manager of a public issue of securities to submit to the Commission, a report on the offer. This report should be submitted within



14 days (two weeks) after the close of the offer, and shall include among others information on the offer such as:-

- (a) total number of applications
- (b) total subscription amount
- (c) basis of allotment
- (d) amount raised after allotments (if that is the case)
- (e) list of the top twenty after the flotation
- (f) distribution of the shares
- (g) statistics of the allotment

Anyone who contravenes the provision of this regulation is liable for the payment of a penalty of GH¢100 for each day that the default subsists.

The fee for the examination and approval of a prospectus or offer document shall be based on the amount realised for the shares issued. This fee should accompany the report.

The fees as set out in Schedule 2 of L.I. 1728 are as follows:-

- (a) GH¢100 for any offer where the value is less than or equal to GH¢100,000;
- (b) 0.05% of the offer where the value of the offer is greater than GH¢100,000.

(8) Refund of money in the case of an unsuccessful issue

In the event that the minimum subscription is not attained, monies must be returned to applicants immediately after the



offer closes. The refund shall be made in accordance with section 284 (4) of the Companies Act.

The lead manager/issuer shall cause a publication in a newspaper of national circulation and announcements on local radio stations on how and where subscribers are to collect refunds.

(9) Allotment

Under the Plan of Distribution in Schedule 5 of the L.I. 1728, the offer document shall provide information on the allotment policy, which will be adopted if applications exceed the securities on offer.

The regulations do not make any provision for an allotment period, especially in the event of over-subscription or where the total applications for an issue far exceed expectations. This has been taken into consideration in preparing these guidelines, and should be factored into the structure of the offer time-table. The responsibilities of the manager of a public issue of securities after the offer closes includes the following:-

- (i) submitting a report pursuant to Regulation 33 (5)
- (iii) allotting the shares to successful applicants
- (iv) issuing and despatching certificates to successful applicants



- (v) refunding excess monies
- (vi) commence trading in the shares

In the light of recent developments with the flotation of IPOs, the Commission reminds managers that they must ensure that they keep to the time-tables set out in offer documents and the Commission will enforce same.

(10) Refund of money – oversubscribed shares

In the event that the shares on offer are over-subscribed, monies should be returned to applicants within ten (10) days after the allotment of shares. Any refunds that are returned after the deadline shall attract interest at the Bank of Ghana Prime Rate.

The Commission hereby emphasises that proceeds from the offer shall be held in the escrow account, and refunds shall be made out of this account directly to subscribers. The Commission shall consider refund as having been despatched to subscribers where the following conditions have been fulfilled:

- (i) As set out in the offer prospectus
 - using the stated mode of despatch
 - by the stated date of despatch
 - for the full refund amount (including the correct computation of interest if that is the case)



- if refund has been sent out by registered mail to individual subscribers, evidence of such despatch should be made available.

(ii) If the refund is being effected through receiving brokers, then despatch shall be considered concluded when the following are all in place

- brokers have received a list of subscribers and amount due to each
- brokers have received the full refund amount, and
- the public has been informed of the availability of refund monies at the brokerage houses.

If refunds occur later than the date indicated in the prospectus, then the SEC shall consider the process complete only when the manager has notified subscribers of the refund. Until the refund process is complete the Commission will require periodic (weekly) reports on the refund of excess subscription monies.

(11) Dispatch of certificates and the commencement of trading

All share certificates must be despatched at least one week before trading can commence.



- (i) mode of despatch of certificates shall be according to the provisions of the prospectus
- (ii) if despatch of certificates and/or excess monies occurs later than the date indicated in the prospectus, the manager for the flotation has an obligation to inform applicants/subscribers of a new time-table via a medium that is acceptable by the SEC.

EUDORA HILDA KORANTENG (MRS.)
DEPUTY DIRECTOR-GENERAL

EFFECTIVE DATE : 30TH MAY 2004

DATED: MAY 23, 2005

DISTRIBUTION

LISTED COMPANIES

GHANA STOCK EXCHANGE

BROKERAGE FIRMS

INVESTMENT ADVISERS

SEC WEBSITE



CIRCULAR ON PERIODIC COMPLIANCE REPORTS BY BROKER-DEALERS AND INVESTMENT ADVISERS

SEC/LED/MG-circ/0706/002

The following is issued to assist broker-dealers and investment advisers with the submission of their compliance reports. The Commission is of the view that dealers and investment advisers who rely on information technology systems should have established procedures to safeguard the physical security of the software and hardware of their IT systems both onsite and offsite. Such safeguards are expected to ensure accurate and continued processing of information protection of master files and transaction information and a documented disaster recovery programme, amongst others.

The Commission is of the view that the occurrence of computer breakdowns is not an acceptable excuse or reason for the late submission of periodic compliance reports.

All licensees are directed to utilize their disaster recovery and back-up methods as stipulated in the 'SEC Compliance Manual for Dealers, Investment Advisers and Representatives' pgs. 55 & 56 Item 6; in order that they submit the relevant reports as they fall due.

The commission has also noted that the lack of necessary back up systems affects the ability of broker-dealers to effect settlement of their transactions on the market at the close of business. The necessary arrangements IT systems safeguards should therefore be put into place to enable broker-dealers to effect prompt and quick settlement of transactions on behalf of investors.



CIRCULAR ON IMPOSITION AND PUBLICATION OF SANCTIONS

CIRCULAR NUMBER: SEC/LED/MG-circ/0706/003

The following guidelines are provided in line with the Commission's mandate to protect and regulate the securities market and promote investor confidence.

In line with the Commission's continuing commitment to protect the integrity of the securities market, and create the necessary atmosphere for the orderly growth and development of the capital market, the Commission will henceforth publish the names of defaulting Market Operators and Licensees and the sanctions imposed on the SEC Website and through the media.



NOTICE ON INITIAL PUBLIC OFFER (IPO) AND RIGHTS ISSUES

CIRCULAR NUMBER: SEC/LED/MG-circ/0706/001

The following guidelines are provided to aid the process of issuing securities to the public.

INITIAL PUBLIC OFFER (IPO) AND RIGHTS ISSUES

A. PUBLIC OFFERS

In the light of increased issues of securities to the public and recent developments with the flotation of IPOs, it has become necessary for the Commission to provide a guide to the market to streamline the process.

In furtherance of the above, the attached guidelines have been developed by SEC. The guidelines are based on the provision of the Securities and Exchange Regulations 2003, LI 1728 and do not replace the Law and Regulations.

The Commission in addition to the provisions set out in Regulation 51 and Schedule 5 Part II A of LI 1728, issues the following notices to guide market participants.



- Issuers are reminded that the proceeds of any public offer/rights issue are to be used in strict accordance with the purpose(s) indicated in the offer document.
- The Commission will continue to undertake Post-IPO/Post-Rights Issue inspections to ascertain whether proceeds of the IPO/Rights Issue have been/are being utilised as indicated in the offer document.
- Issuers are required to disclose all fees to be paid out to persons or bodies in pursuance of the IPO / Rights Issue. The Commission shall require the refund all amounts disbursed from the proceeds of the offer which were not disclosed e.g. 'success fees' and other such fees however described. The Lead Manager shall be required to refund all such monies which were illegally paid out to recipients. The Commission reserves the right to investigate all payments to be paid out to persons or bodies in pursuance of the IPO/Rights Issue.

The Commission wishes to remind Issuers that full disclosure of use of proceeds of IPO/Rights Issue is a requirement under the law as it enables investors to make informed decisions.



B. APPROVAL REQUIRED IN THE INSTANCE OF CHANGE OF USE OF THE IPO/RIGHTS ISSUE FUNDS AS CONTAINED IN PROSPECTUS

Issuers shall require the approval of the Issuer's registered shareholders granted at an Annual General Meeting or Extraordinary General Meeting before funds raised by the offer are used for any other purpose other than those disclosed in the offer document. A resolution to this effect when taken shall be communicated to the Commission.

The involvement and/or decisions of shareholders in the above-mentioned action at the AGM or EGM is necessary as the law requires that the shareholders receive full disclosure of all information that will enable them to make an informed decision.

C. FLOTATION EXPENSES

The Securities and Exchange Commission acknowledges that some expenses must necessarily be incurred in any Initial Public Offers or Rights Issue. The Commission has however noted with disquiet that the flotation expenses incurred in some IPOs/Rights Issues amount to as much as 10% of the proceeds raised.



The Commission is concerned that such expenditure prejudices the purpose for which the money was ostensibly raised, i.e. the proposed expansion of the Issuer's business. As the underlying purpose of the flotation is the increased value of the shareholders' investment, the Issuer should endeavour to increase or maximize the net proceeds of the flotation for the expansion of the business. The Commission therefore directs that total flotation costs should not exceed 5% of the total amount to be raised.

D. REPORTING ACCOUNTANT

L.I. 1728 Regulation 51 and Schedule 5 requires that an Offer Document should contain a report by an accountant, i.e. normally referred to as the 'reporting accountant'. The law also requires that the reporting accountant should be an accountant qualified to be appointed auditors of the issuer or other qualified accountants acceptable to SEC. The offer document should contain disclosures, on the identity and addresses of the issuer's auditors and reporting accountants.

Further to these statutory requirements, the Commission has determined that for the protection of investors and to ensure transparency and independence of functions, the reporting accountant in a public issue-:



1. shall not be the same as the Issuer's external auditors;
2. shall not be the same as the Issuer's accountants who may be carrying out normal accounting functions or performing any other services for the Issuer.

ISSUED BY SECURITIES AND EXCHANGE COMMISSION
2ND AUGUST 2006



RE: REDENOMINATION OF THE CEDI

CIRCULAR NUMBER: SEC/LED/MG-circ/0807/001

All licensees and market operators are advised that with effect from 1st September 2007, all cedi quotations in communications, returns etc. to the Securities and Exchange Commission are to be quoted in the new Ghana Cedi (GH¢).

Dated at the Securities and Exchange Commission, Accra this 28th
Day of August 2007

DISTRIBUTION

**ALL PUBLIC COMPANIES, LISTED AND UNLISTED
GHANA STOCK EXCHANGE
ALL LICENSED OPERATORS**



MARKET GUIDANCE NOTES

APPOINTMENT BY ISSUERS OF INDEPENDENT ADVISERS IN RESPECT OF INITIAL PUBLIC OFFERS (IPOs) AND OTHER INVITATIONS TO THE PUBLIC

CIRCULAR NUMBER: SEC/LED/MG-circ/IPO/0507/001

This Market Guidance Note is issued pursuant to the Securities Industry Law, 1993 (PNDCL 333) s. 9(d) which empowers the Securities and Exchange Commission to formulate principles for the guidance of the securities industry. The following guidelines are provided to aid the process of issuing securities to the public.

1. Where an Issuer is making an offer to the public in respect of the acquisition of or makes an invitation to the public to trade in its securities, the applicant must appoint a Lead Manager to manage its application. Where the Issuer is affiliated to the Lead Manager or sponsoring dealer, an independent and additional co-lead Manager not affiliated to the Issuer shall be appointed to co-manage the issue with the Lead Manager.
2. In respect of an IPO, a bank affiliated to the Issuer shall not be accepted as the receiving bank of the escrow account to receive subscriptions from the public. The Issuer shall be required to appoint a receiving bank not affiliated to the Issuer, to manage the escrow account into which subscriptions shall be paid and such appointment shall be reflected in the Escrow Agreement to be submitted to SEC for approval.

BY ORDER OF THE COMMISSION

Dated at the Securities and Exchange Commission this 24th day of September 2007.



MARKET GUIDANCE NOTES

APPOINTMENT BY ISSUERS OF REGISTRARS IN RESPECT OF INITIAL PUBLIC OFFERS (IPOs) AND OTHER INVITATIONS TO THE PUBLIC

CIRCULAR NUMBER: SEC/LED/MG-circ/IPO/0907/001

This Market Guidance Note is issued pursuant to the Securities Industry Law, 1993 (PNDCL 333) s. 9(d) which empowers the Securities and Exchange Commission to formulate principles for the guidance of the securities industry. The following guidelines are provided to aid the process of issuing securities to the public.

Where an Issuer is making an offer to the public in respect of the acquisition of or makes an invitation to the public to trade in its securities, the applicant must appoint a Registrar not affiliated to the Issuer for the purposes of performing all the functions and duties of a Registrar. For the avoidance of doubt, the Registrar shall not be a subsidiary or affiliated to the Issuer.

This directive in relation to the Registrar applies for as long as the Issuer remains listed on the stock exchange. If therefore upon the conclusion of the IPO or an Additional Listing, the Issuer chooses to appoint a new Registrar, that Registrar shall again not be a subsidiary of or be affiliated to the Issuer.

BY ORDER OF THE COMMISSION

Dated at the Securities and Exchange Commission this 24th day of September 2007.