



SECURITIES AND EXCHANGE COMMISSION

PUBLIC NOTICE CLARIFICATION OF PREVIOUS DIRECTIVES TO MENZGOLD AND FUND MANAGERS

NOTICE NO. SEC/PN/006/11/2018

The Securities and Exchange Commission (hereinafter referred to as “SEC”) is the statutory body mandated by the Securities Industry Act 2016 (Act 929) to promote the orderly growth and development of an efficient, fair and transparent securities market in which investors and the integrity of the market are protected. The SEC has taken note of some deliberate misinterpretation of its directive to Menzgold Ghana. It is unfortunate that in spite of the simple language employed in the directive which is still in the public domain, a section of the public still remain perplexed about the directive.

For the avoidance of doubt the SEC directive stated as follows:

*“Accordingly, the SEC hereby directs Menzgold Company limited to shut down immediately the business of trading in gold collectibles **with guaranteed returns** to clients which constitutes, in essence, dealing in securities with neither the necessary licence nor disclosures authorized by the SEC. **No new contracts** should be created and all advertising of the investment business halted with immediate effect”.*

Menzgold responded to the SEC directive through its lawyers on the 12th September 2018 with a letter referenced as KBA488/18. In the last but one paragraph which is instructive, it states:

“Under the circumstances we are instructed to inform you that our client finds your purported directive to shut down or suspend its operations untenable and is unable to comply with the terms of your letter dated 7th September, 2018 especially considering the contagion and the effect on the market and its customers”.

The Directive is very clear on its effect, scope and application and should not be misinterpreted in any other way. Menzgold has instituted proceedings against the Bank of Ghana and the SEC as second Defendant and the SEC is confident in the ability of our court system to handle the matter. It is also important to state that Menzgold has not approached the SEC in any other way whether for settlement of the matter out of court or to provide the information required by the SEC.

The SEC also wishes to use this opportunity to state very clearly that it has not instructed any licensee or Fund Manager to vary the terms of its Management Agreement with client on redemption of funds. The Rule on guaranteeing returns has existed in the Compliance Manual for Broker-Dealers, Investment Advisers and Representatives since January 2008. On the 14th day of April 2014 and the 31st day of March, 2015 respectively, Circulars with Numbers SEC/CIR/001/2014 and SEC/CIR/002/03/15 were issued by the SEC cautioning fund managers about the forbidden practice of guaranteeing returns and issuing fixed deposits to clients. The recent Directive with number SEC/FM/DIRECTIVE/06-18 issued on the 18th June 2018 only provided a final transition period to completely fade out that illegal market practice. The SEC has not requested any fund manager to revise its provisions in Management Agreements executed with clients on redemption of funds over an extended period whatsoever. Clients should insist on enforcing the terms and provisions on client redemption provisions according to the Management Agreement by the Fund Manager and the Client.

The SEC shall ensure full compliance with its latest directive and all previous circulars on the illegal practice of guaranteeing returns and issuing fixed term investments mentioned above.

The Commission wishes to assure all investors and the general public that it is committed to ensuring rigorous enforcement of all the rules for operators in the capital market in order to promote the growth and development of an efficient, fair and transparent securities market in which investors and the integrity of the market are protected.

For any further information, members of the general public are kindly requested to call the Commission's **Toll Free line numbered 0800100065**.

This Notice is issued pursuant to section 3, 208 and 209 of the Securities Industry Act, 2016 (Act 929)

**BY ORDER OF THE
SECURITIES & EXCHANGE COMMISSION.**

Dated the 11th November 2018