

ENSURING INVESTOR PROTECTION

SEC NEWS

OFFICIAL NEWSLETTER OF SECURITIES & EXCHANGE COMMISSION

1ST QUARTER (JAN. - MAR.) 2021

GHANA CAPITAL MARKET MASTERPLAN

2020 - 2029

SEC LAUNCHES THE FIRST-EVER CAPITAL MARKET MASTER PLAN.



IOSCO Secretary General Paul Andrews ended his tenure



Virtual Regional meeting of WASRA on capital markets in tergeration in ECOWAS



1st Quarter Market Summary Analyses & Highlights



Key Market Statistics



Infractions, Penalties and Complaints Received in the first Quarter of 2021



"It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong." — George Soros



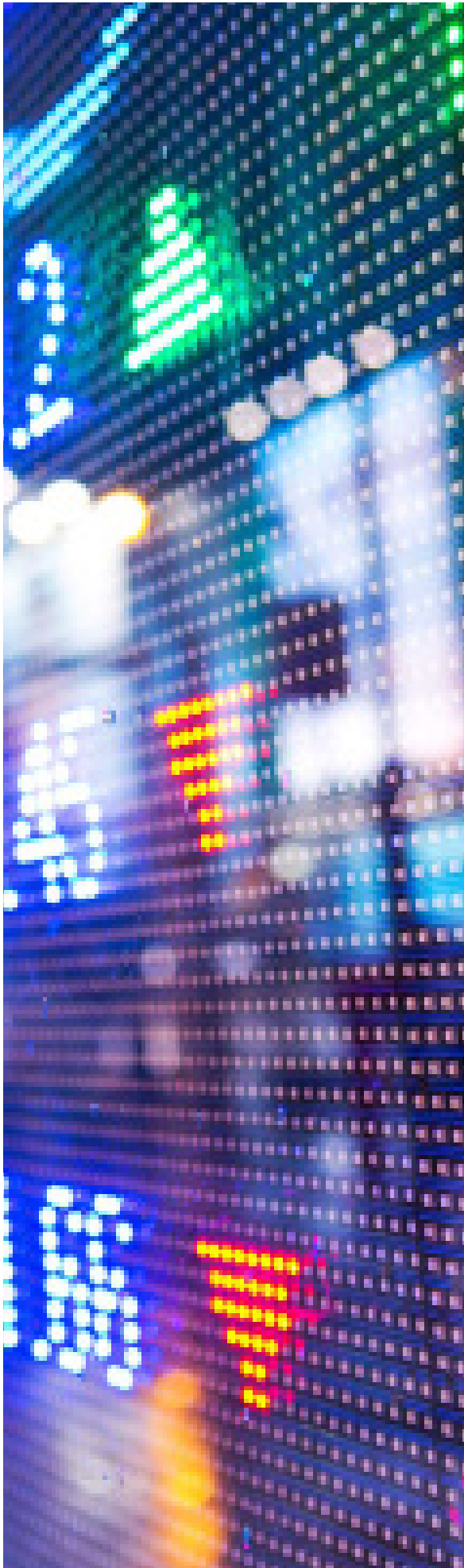


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- | | |
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DESIGNED & PRINTED BY:



ISSUE 13, Q1 2021

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NOTICE TO THE PUBLIC

1. PUBLIC ADVICE

Members of the general public are advised to use the Commission's Toll-Free Line 0800100065 or Main Line 0302768970-2 to contact the Commission on any issue they may have relating to the securities market and investments, including:

- Seeking general information about the securities market and products.
- Seeking information about licensed capital market operators.
- Reporting persons suspected to be operating in the securities market without a license.
- Reporting fraudulent investment schemes (e.g. ponzi schemes).
- Reporting fraudulent activities of capital market operators.
- Making complaints against capital market operators.

2. PUBLIC NOTICE

SEC LAUNCHES THE FIRST-EVER CAPITAL MARKET MASTER PLAN TO DEVELOP THE CAPITAL MARKET OVER THE NEXT 10 YEARS NOTICE

NUMBER: SEC/PR/001/05/2021

The Securities and Exchange Commission (SEC) on Monday 24th May 2021 launched its maiden Capital Market Master Plan (CMMP) to serve as the blueprint for developing the capital market in Ghana over the next ten years.

The CMMP which was developed by a Working Group drawn from key stakeholders in the financial sector, is an essential component of the SEC's mandate of regulating, innovating, and promoting the growth and development of an efficient, fair, and transparent securities market in which investors and the integrity of the market are protected.

Speaking at the launch of CMMP, the Honorable Minister of Finance and Economic Planning, Hon. Ken Ofori Atta in his keynote address underscored the importance of the capital market. He noted that under the leadership of His Excellency, the hundred billion (GH¢100 billion) Ghana Cares/Obatanpa program had been launched with the aim of stabilizing the economy as well as triggering a revitalization and transformation. The program among others, has the goal of optimizing the implementation of Government's current growth and transformation flagships. He noted that improving access to long-term finance would be a key enabler for achieving the objectives of the program, hence the need for the CMMP. He concluded his address by reiterating Government's deep commitment to developing Ghana's Capital Market in helping to support the crucial Ghana Cares/Obatanpa program and make it a hugely attractive financial hub for both domestic and international investors.

Also speaking at the launch, the Director-General (DG) of the SEC, Rev. Daniel Ogbarmey Tetteh further emphasized on the importance of the capital market as the place for raising 'patient capital' which is critical for financing growth. He highlighted the benefits of the Capital Market for different stakeholders. For example- for the ordinary citizen, it would enable the creation of jobs as businesses would be able to raise capital; for business owners, it would also facilitate the expansion of business and create a viable avenue for investors to deploy surplus funds. He surmised that the Capital Market would be critical to the growth aspirations of Ghana. The ten-year CMMP would be engine to facilitate this important transformation through the key initiatives spelt out in the document.

The vision of the CMMP is "In Pursuant of a Deep, Efficient, Diversified and Well-Regulated Market with A Full Range of Products Attractive to Domestic and International Investors".

The vision will be achieved on the back of these four (4) keys pillars of the Capital Market Master Plan:

- i. Improving diversity of investment products and liquidity of securities markets (to enhance investor participation and improve market liquidity),
- ii. Increasing the investor base and promoting innovation and product diversification,
- iii. Strengthening infrastructure and improving market services (to improve market integrity and accessibility), and
- iv. Strengthening regulation, enforcement, and market confidence.

The CMMP which was unveiled at the Labadi Beach Hotel in Accra brought together other regulators in the financial sector, representatives from the Ghana Securities Industry Association, the World Bank, Ministry of Finance, Foreign Commonwealth & Development Office, and many other key stakeholders.

Request for further information can be made by sending an email to info@sec.gov.gh, or via toll-free line, 0800100065 or visiting the SEC at www.sec.gov.gh.

ISSUED BY ORDER OF
THE SECURITIES AND EXCHANGE COMMISSION
DATED: 23rd February 2021



2. INTERNATIONAL UPDATES

IOSCO SECRETARY GENERAL PAUL ANDREWS ENDS HIS TENURE

DOROTHY YEBOAH-ASIAMAH

Manager, International Relations and Board Secretary

Mr. Paul Andrews, the Secretary-General of the International Organization of Securities Commissions (IOSCO) ended his tenure as Secretary-General in February 2021.

Mr. Andrews joined IOSCO as Secretary General in December 2016. Under his leadership, the Secretariat gave invaluable support and guidance for IOSCO's sharpened focus on substantive market and policy issues such as asset management, crypto-assets, unintended market fragmentation and sustainable finance, thereby enhancing IOSCO's relevance to both members and global securities

markets.

Simultaneously, during his tenure, IOSCO strengthened and expanded its capacity building activities while increasing the collaboration among IOSCO members on key policy issues.

Under Mr. Andrews' leadership, the General Secretariat also provided critical support to the IOSCO Board in its endeavor to ensure that securities markets remained open and able to fund the real economy during the market turmoil caused by COVID-19.

On behalf of the Securities and Exchange Commission, Ghana, the Director-General Rev Daniel Ogbarmey Tetteh wished Mr. Andrews the very best in his future endeavours.



MR. PAUL ANDREWS





VIRTUAL REGIONAL MEETING OF THE WEST AFRICA SECURITIES REGULATORS ASSOCIATION (WASRA) ON CAPITAL MARKETS INTEGRATION IN ECOWAS

DOROTHY YEBOAH-ASIAMAH
Manager, International Relations and Board Secretary

The West Africa Securities Regulators Association (WASRA) had a joint meeting with ECOWAS Member States and the ECOWAS Commission on the 2nd of March 2021.

The objectives of the meeting were to

- a. Share information on WASRA with Member States and achieve ownership of WASRA by all Member States.
- b. Reinforce WASRA as the regional capital market regulatory mechanism in line with Article 53 of the ECOWAS Revised Treaty.
- c. Bring on-board all Member States as signatories to the Charter establishing WASRA and validate Charter by all Member States.
- d. Recommend the Regional

Authority to the Sector Ministers for approval and to the Council of Ministers for adoption as a statutory body of ECOWAS.

The meeting was attended by Experts from the Ministries of Finance of Republic of Benin, Burkina Faso, Cote d'Ivoire, The Gambia, Guinea, Liberia, Mali, Niger, Nigeria Senegal, Sierra Leone and Togo.

Also in attendance were Financial Sector and markets development Department of the Central Bank of Guinea, The Gambia, Liberia, and Sierra-Leone. Other participants in the meeting included Conseil Régional de l'Épargne Publique et des Marchés Financiers (CREPMF), Securities and Exchange Commission, Ghana and Securities and Exchange Commission, Nigeria. Also, in attendance at the meeting were West African Monetary Institute (WAMI) and ECOWAS Commission.

After serious deliberations, the meeting agreed on the following:

- a. WASRA would be established as the mechanism for regulation of cross border capital markets in ECOWAS.
- b. The Charter establishing WASRA should be revised to be in sync with the provisions of Article 53 of the Revised ECOWAS Treaty.
- c. All ECOWAS Member States would be represented in the Membership of WASRA.
- d. Subject to amendment of the Charter, WASRA would be recommended to the Ministers of Finance for approval and adoption by the Authority in line with Article 53 of the revised ECOWAS Treaty.
- e. A meeting of Member States to amend the existing WASRA Charter would be held in due course.



3. KNOWLEDGE BANK

WHAT ARE COLLECTIVE INVESTMENT SCHEMES?

FRANK BINEY DONKOR
Manager, Policy and Research, SEC

Collective Investment Schemes are pools of funds that are managed on behalf of investors by a professional money manager. The manager uses the money to buy stocks, bonds, or other securities according to specific investment objectives that have been established for the scheme.

In return for putting money into these funds, the investor receives shares or units that represent his/ her pro-rata share of the pool of fund assets. In return for administering the fund and managing its investment portfolio, the fund manager charges a fee based on the value of the fund's assets.

Collective investment schemes in Ghana take the form of either a Mutual Fund or a Unit Trust. The characteristics of collective investment schemes in Ghana are provided for in the Securities Industry, 2016 (Act 929) and are not necessarily the same as those of other jurisdictions. It is worth noting that variations exist in collective investment schemes from jurisdiction to jurisdiction. The definitions in this brochure are based on the Securities Industry Act,

2016 (Act 929).

Mutual funds in Ghana are companies formed under the Companies Act, 2019 (Act 992), whilst Unit Trust operations are based on trusts under Trust deeds.

WHAT IS A MUTUAL FUND?

A mutual fund is a public or external company, incorporated solely to hold and manage securities or other financial assets. The company accepts funds from investors and uses those funds to buy a portfolio of securities and other financial assets and employs a professional fund manager to manage the investment. The company issues shares which represents pro-rata shares of the pool of fund assets to investors.

A mutual fund in Ghana may either be open-ended or close-ended.

Open-ended funds

These are funds which stand ready to repurchase their shares from the holders in any quantity and whenever the holder should desire. In addition, they sell shares in any quantity to prospective investors at whatever time the investors determine.

In other words, open-ended funds stand ready to issue new shares or redeem outstanding shares on a continuous basis. The numbers of shares of the fund, therefore, fluctuates as investors purchase or redeem shares. The price of a share in an open-ended fund is determined by the net asset value per share of the total value of the assets in the fund's portfolio less any fund liabilities divided by the outstanding number of shares.

Closed-ended funds

These are funds which issue a fixed number of shares and do not stand ready to repurchase their shares from their shareholders when they decide to sell them. The Securities law requires that closed ended funds be listed on an organized exchange in order to provide liquidity to the shareholders. These shares are traded at prices determined by the law of supply and demand.

See sections 59 to 108 of the Securities Industry Act, 2016 (Act 929) for more information on CIS.

To be continued in the next edition!!!

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4. ENFORCEMENTS

INFRACTIONS & PENALTIES; COMPLAINTS RECEIVED DURING THE FIRST QUARTER

Infractions and Penalties

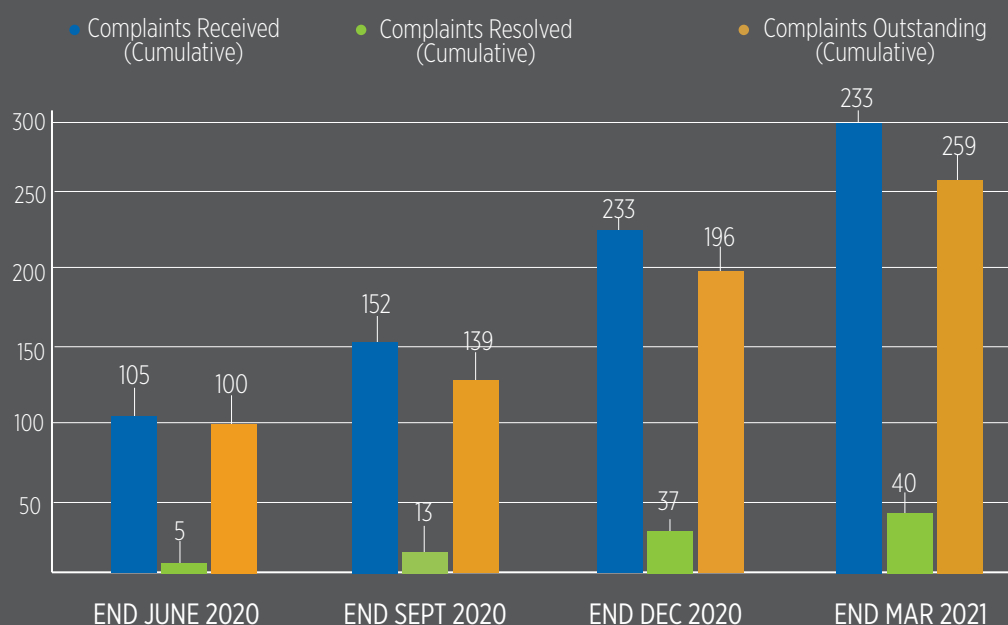
No firm was sanctioned during the first quarter of 2021

Complaints

Complaints received during the first quarter of 2021

Period	Complaints Received (Cumulative)	Complaint Resolved (Cumulative)	Complaints Outstanding (Cumulative)
End Jun 2020	105	5	100
End Sept 2020	152	13	139
End Dec 2020	233	37	196
End Mar 2021	300	41	259

COMPLAINTS: END OF MARCH 2021



The above complaints were mainly related to:

- i) Non-payment of redemption request
- ii) Difficulty in accessing statement on investments.



WHAT DO YOU KNOW ABOUT INVESTING ? TAKE A QUIZ

Equity shares give a fixed rate of return.

A) True

B) False

2. Investing in a mutual fund is the same as investing in direct equity.

A) True

B) False

3. If you need money from your investments in 6 months, which type of asset allocation strategy suits you more?

A) Aggressive asset allocation strategy

B) Moderate asset allocation strategy

C) Conservative asset allocation strategy

D) None of the above

4. A balanced and well-diversified portfolio of investments is necessary to manage concentration risk.

A) True

B) False



5 FACTS & FIGURES

MARKET STATISTICS OFFERS & OTHER APPROVALS

MARKET STATISTICS

Table Q: Assets under Management (1st Quarter 2021)

AUM (GH¢)	End Mar 2021	End Dec 2020	% CHANGE
Pensions	22,802,848,326.97	22,262,272,751.66	2.43
CIS	3,400,903,986.34	3,142,376,958.70	8.23
Other funds	4,987,299,947.94	5,179,460,517.28	(3.71)
Total (GH¢)	31,191,052,261.25	30,584,110,227.64	1.98

**Adjusted values from custodians*

Offers and Other Approvals

1. List of firms licensed during the First Quarter 2021:

a. Approval of Licenses

No approval during the period.

b. Approval of Cessation/Revocation

	NAME OF FIRM	TYPE OF CESSATION/REVOCATION	PERIOD OF CESSATION
1	Parkstone Ltd	Voluntary Cessation	First Quarter 2021
2	First Atlantic Brokers Ltd.	Revocation	First Quarter 2021

2. Offers, Approvals and Listings (Primary and Secondary Market)

List of Approvals

1. Offers and Approvals and Listing (Primary and Secondary Market)

OFFER, LISTING AND BUSINESS COMBINATION APPLICATIONS				
	APPLICANT	APPROVAL TYPE	APPROVAL DATE	OFFER SIZE
1	Izwe Savings & Loans Plc	Extension of Note Programme	26-Feb-2021	GH¢ 150M



2. Note Tranches

APPROVAL OF NOTE TRANCHES				
	ISSUER	TRANCHE NUMBER	AGGREGATE SIZE	SUBSCRIPTION (%)
1	Izwe Savings & Loans Plc	A16	GH¢ 25M	100

3. Issuing Houses

1	ABSA Bank
2	Fidelity Bank Ghana Ltd
3	GCB Bank Ltd.
4	IC Securities Ltd
5	Stanbic Bank Ghana Ltd
6	Standard Chartered Bank Ghana Ltd
7	Databank Brokerage limited
8	Temple Investment limited

CAPITAL MARKET STATISTICS AND ANALYSIS

1. Capital Market Operators as at the end of First (1st) Quarter 2021

	CATEGORY OF LICENSED OPERATORS	END MAR 2021	END DEC 2020	CHANGE
1	Broker-Dealers	26	27	(1)
2	Custodians	18	18	0
3	Exchange Traded Funds	1	1	0
4	Investment Advisers	11	11	0
5	Fund Managers	85	86	(1)
6	Mutual Funds	46	46	0
7	Primary Dealers	11	12	(1)
8	Registrars	4	4	0
9	Securities Depositories	1	1	0
10	Securities Exchange	2	2	0
11	Trustees	7	7	0
12	Issuing House	8	8	0
13	Unit Trusts	23	23	0
14	Private Funds	2	2	0
TOTAL		245	248	(3)



2. Stock Market Statistics

INDICATORS	END MAR 2021	END DEC 2020	% CHANGE
Number of Listed Companies (Main Market)	31	31	0
Number of Listed Companies (Ghana Alternative Market)	6	5	20
Volume of Trades: Cumulative (Equities)	200,929,805	695,396,188	(71.11)
Value of Trades (GH¢): Equities	153,402,310.49	575,269,873.22	(77.33)
Market Capitalization (GH¢ million)	57,162.18	54,374.88	5.13
GSE- Composite Index (GSE-CI)	2,213.29	1,941.59	13.99
GSE- CI YTD Returns (%)	13.99	(13.98)	200
GSE- Financial Stock Index (GSE-FSI)	1,845.92	1,782.76	3.54



3. Performance of Equities on Ghana Stock Exchange

NO.	NAME OF COMPANY	CODE	CLOSING PRICE(GH¢) END MAR 2021	CLOSING PRICE (GH¢) END DEC 2020	CHANGE (GAIN/LOSS) (GH¢)
1	Access Bank Ghana PLC	ACCESS	4.30	4.39	-0.09
2	Agricultural Development Bank	ADB	5.06	5.06	0.00
3	AngloGold Ashanti Ltd.	AGA	37.00	37.00	0.00
4	Aluworks Limited	ALW	0.10	0.11	-0.01
5	Benso Oil Palm Plantation	BOPP	2.00	2.00	0.00
6	Cal Bank Ltd	CAL	0.64	0.69	-0.05
7	Clydestone (Ghana) Ltd.	CLYD	0.03	0.03	0.00
8	Camelot Ghana Ltd.	CMLT	0.11	0.11	0.00
9	Cocoa Processing Co. Ltd.	CPC	0.03	0.03	0.00
10	Dannex Ayrton Starwin Plc.	DASPHARMA	0.40	0.40	0.00
11	Ecobank Ghana Ltd.	EGH	7.20	7.20	0.00
12	Enterprise Group Ltd.	EGL	1.44	1.40	0.04
13	Ecobank Transnational Inc.	ETI	0.07	0.08	-0.01
14	Fan Milk Ltd.	FML	1.09	1.08	0.01
15	GCB Bank Ltd.	GCB	4.50	4.05	0.45
16	Guinness Ghana Breweries Ltd.	GGBL	0.90	0.90	0.00
17	Ghana Oil Company Limited	GOIL	1.51	1.50	0.01
18	Golden Star Resources Ltd.	GSR	9.50	9.50	0.00
19	Mega African Capital Ltd	MAC	5.98	5.98	0.00
20	Mechanical Lloyd Plc	MLC	0.09	0.09	0.00
21	Scancom PLC	MTNGH	0.85	0.64	0.21
22	PBC Ltd.	PBC	0.03	0.03	0.00
23	Republic Bank (Ghana) Ltd.	RBGH	0.45	0.41	0.04
24	Standard Chartered Bank Gh. Ltd.	SCB	18.151	16.31	1.84
25	SIC Insurance Company Ltd.	SIC	0.08	0.08	0.00
26	Societe Generale Ghana Limited	SOGEGH	0.75	0.64	0.11
27	Sam Woode Ltd.	SWL	0.05	0.05	0.00
28	Trust Bank Gambia Ltd	TBL	0.34	0.34	0.00
29	Total Petroleum Ghana Ltd.	TOTAL	3.15	2.83	0.32
30	Tullow Oil Plc	TLW	11.92	11.92	0.00
31	Unilever Ghana Ltd.	UNIL	6.06	8.29	-2.23
Ghana Alternative Exchange (GAX)					
32	Samba Foods Limited	SAMBA	0.55	0.55	0.00
33	Meridian Marshalls Holding Company	MMH	0.11	0.11	0.00
34	Hords Ltd	HORDS	0.10	0.10	0.00
35	Intravenous Infusions Limited	IIL	0.05	0.05	0.00
36	Pesewa One	POP	0.60	0	0.60
37	Digicut Production & Advertising Ltd	DIGICUT	0.09	0.09	0.00
Others (Depository and Pref Shares, ETFs)					
38	AngloGold Ashanti Depository Shares	AADS	0.41	0.41	0.00
39	Standard Chartered Bank Pref. Shares	SCB PREF	0.87	0.87	0.00
40	NewGold:Exchange Tradeable Funds (ETFs)	GLD	100.6	105.50	105.50



ANSWERS TO BRAIN TEASERS AND INVESTING QUIZ IN PREVIOUS ISSUE



1) Flip switch number 1 and wait a few minutes. Flip switch number 1 back to its original position, and then immediately flip switch number 2.

Open the door. If the light is on, then switch number 2 controls it. If the light is off, then go and feel the bulb with your hand. If the bulb is hot, then switch number 1 controls it, and if the bulb is cold, then switch number 3, the one you did not touch, controls it.

2) Miss Atkinson knows that she has soot on her face because neither of the other two passengers stops laughing, or realizes their faces are sooty.

ANSWERS TO INVESTMENT QUIZ

1) a. True.

2) a. True.

3) a. True.

4) c. The annual return on your investment



6 SUMMARY & HIGHLIGHTS

FIRST QUARTER MARKET SUMMARY/ANALYSIS

FRANK BINEY DONKOR

Manager, Policy & Research

EQUITY MARKET

At the end of the first quarter 2021, the Ghana Stock Exchange Composite index (GSE-CI), closed at **2,213.29 points from 1,941.59** points recorded at the end of the last quarter (Q4) of 2020. This represents a 13.99 % year-to-date (YTD) change compared to -13.98% YTD as at the end of December 2020.

This indicates a significant improvement from the previous quarter which was impacted by the covid-19 pandemic.

The GSE had thirty-seven (37) listed equities on its platform at the end of March 2021. Out of the thirty-seven (37) listed equities, thirty-one (31) of the stocks are listed on the Main trading platform of the GSE whilst the six (6) remaining stocks are listed on the Ghana Alternative Market (GAX) trading platform of the GSE. It should be noted that the approval of PESEWA stock for listing on GAX was granted in December 2020.

At the end of the first quarter 2021, ten (10) stocks appreciated in price, five (5) equities recorded price decline and the remaining twenty-two (22) stocks traded flat.

The total market capitalization recorded during the period under consideration was **GH¢57,162.18 million** compared to **GH¢54,374.88 million** as at the

end of 2020. The increase in market capitalization could mainly be attributed to rises in stock prices and the listing of PESEWA stock on then GSE. In effect, investors gained a total capital amount of **GH¢2,787.30 million** at the end of the first quarter 2021.

Volume and value of equities traded on the GSE up to the end of the first quarter of 2021 were **200,929,805** shares and **GH¢153,402,310.49** respectively based on **2,666** trade transactions.

Fixed Income/Debt Market:

At the end of first quarter 2021, the number of notes & bonds (fixed income/debt securities) listed on the GFIM were 195 debt securities compared 200 fixed income instruments the previous quarter. The debt securities listed are made up of 51 corporate bonds, 135 Ghana Government (GOG) bonds and 9 Eurobonds respectively.

The value of listed/outstanding Government (GOG) and Corporate debt on the GFIM at the end of March of 2021 were **GH¢134,633.37 (million)** and **GH¢9,152.50 (million)**, respectively.

Finally, the total value of debt instruments traded as at the end of March 2021 was **GH¢60,003.14 (million)**, for which GOG and Corporate debt accounted for **GHS 54,346.52** and **GH¢5, 656.61 (million)** respectively. Hence the level of liquidity

**2,213.29
points**

The points at which the GSE-Composite Index closed at fourth quarter 2020.

**GH¢57,162.18
Million**

The total market capitalization recorded at the end of first quarter, 2021.

**GH¢31,191,052,
261.25**

The total asset under management for the First quarter of 2021



on the GFIM as at the end of first quarter 2021 was **41.73%**.

Funds Management Industry:

In the Funds Management industry, the total assets under management (AUM) for the first quarter of 2021 was **GH¢31,191,052,261.25** which represented an **increase of 1.98%** from

the previous quarter. The total assets under management are made up of pension funds (GH¢22,802,848,326.97), collective investment schemes (CIS = GH¢3,400,903,986.34) and other funds (GH¢4,987,299,947.94) managed by fund managers.

Refer to Table Q on page 9.

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BRAIN TEASERS



1 *On the island of knights and knaves, you come to a fork in the road with one man standing before each path. You know that one of them is a knight, and the other is a knave. You also know that one path leads to freedom, and the other path leads to certain death.*

You can ask one of the men one question. What do you ask to determine the path to freedom?

2 *A farmer challenges an engineer, a physicist, and a mathematician to build him a fence that encloses the most area with the least amount of fencing.*

The engineer makes a circular fence, claiming that it is most efficient.

The physicist made a long straight line of fence and said the length was infinite, as fencing half the world was the most efficient way.

The mathematician laughed at the others, and then proceeded to build the winning fence. What did he build?

Answers in the next issue



Capital Requirements for a Licence to operate in the Capital Market in Ghana

The minimum capital requirement for firms in the industry can be found under Schedule 4 (Page 24 of LRG) of the licensing requirements guideline which is indicated in the table below.

MINIMUM CAPITAL REQUIREMENTS FOR MARKET OPERATORS

Market Operator	Minimum Capital (GH¢)
Broker-Dealer	1,500,000
Clearing House	50,000,000
Credit Rating Agency	1,000,000
Custodian	50,000,000
Fund Manager	2,000,000
Investment Adviser (Corporate)	1,000,000
Investment adviser (Individual)	200,000
Issuing House	1,000,000
Margin Trader	2,000,000
Market Maker	3,000,000
Nominee	1,000,000
Primary Dealer	400,000,000
Registrar	1,000,000
Securities Depository	50,000,000
Securities Exchange	10,000,000
Trustee	50,000,000
Underwriter	2,500,000

The Transitional Provision of the LRG (Section 19, page 14 of LRG) stipulates that “**A licensed market operator shall take steps to comply with the new minimum capital requirements specified in schedule 4 no later than 31st December 2021**”.

It should however be noted that the full document (s) can be found on our website at www.sec.gov.gh under the heading “Laws and Regulations”

Disclaimer: The views expressed are the author’s own and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.



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