



# SECNEWS

OFFICIAL NEWSLETTER OF THE SECURITIES & EXCHANGE COMMISSION, GHANA



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**Disclaimer:** The views expressed in this Newsletter are the authors' and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.



## THE SECURITIES & EXCHANGE COMMISSION (SEC), GHANA

### ABOUT

The Securities and Exchange Commission (“the Commission”) is established by the Securities Industry Act, 2016 (Act 929) (‘the Act’) as amended with the object to regulate and promote the growth and development of an efficient, fair and transparent securities market in which investors and the integrity of the market are protected.

### VISION

To be a top-tier securities market regulator in Africa.

### MISSION

To regulate, innovate and promote the growth and development of an efficient, fair, and transparent securities market in which investors and the integrity of the market are protected.

### OBJECTIVES

1. Enhancement of capital market infrastructure and strengthening the capacity of market institutions and intermediaries.
2. Providing the legal and regulatory framework for market and product innovation.
3. Promotion of public awareness, investor rights and corporate education.
4. Establishment of an overall robust, supportive, legal and regulatory framework that conforms to international best practices.





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## CHAPTER 01 NOTICES & ADVICE

### 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 license.
- Reporting fraudulent investment schemes (e.g., Ponzi Schemes).
- Reporting fraudulent activities of Capital Market Operators.
- Making complaints against Capital Market Operators.



**0800100065**

Toll-Free Line

**0302768970-2**

Main Line





## PUBLIC NOTICE

**1**

### UPDATE ON IMPLEMENTATION OF BAILOUT PROGRAM FOR CLIENTS OF BLACKSHIELD FUND MANAGEMENT LTD (FORMERLY GOLD COAST)

The SEC, acting within its mandate of protecting investors and the integrity of the securities market, wishes to update the general and investing public on the status of the Bailout implementation program, specifically on Blackshield Fund Management Company Limited (formerly Gold Coast Fund Management Limited) (Blackshield/Gold Coast).

#### Background to the Revocation Exercise

It will be recalled that, the SEC, acting in accordance with Section 122 (2) (b) of the Securities Industry Act 2016, (Act 929) (SIA) revoked the licenses of fifty-three (53) Fund Management Companies (FMCs) on 8th November 2019, due to various regulatory breaches including their inability to return clients' funds estimated at eight billion cedis (GHS 8 billion), and significant breaches of applicable rules that created risks to financial stability. The licences were revoked in accordance with the mandate of SEC to protect investors and the integrity of the capital market. Following the revocation of the licences, the SEC took the following actions to protect investors:

1. Notified the Registrar of Companies/Registrar General to petition the Court for orders to commence the official liquidation of the fifty-three (53) FMCs under the relevant law.
2. Appointed an agent in line with the relevant provisions of the SIA, to take copies of records and lock up premises to secure the assets of the affected companies.
3. Engaged the Government through the Ministry of Finance on a bailout package for affected clients of the FMCs. The Government agreed to the latter on two conditions: firstly, that liquidation orders must be granted by the courts; secondly, validation of claims of claimants should also be completed. Without these conditions, the full bailout cannot be rolled out. SEC is currently working with these conditions.
4. SEC mandated the agent to receive claims from the clients of the affected companies, acknowledge receipt of same and conduct validation of claims received from affected clients.

#### Concerns of Clients of Blackshield/Gold Coast

The SEC has noted some public comments by clients of Blackshield/Gold Coast and responds as follows:

##### a. Purported Release of GHS5.5 billion approved by Parliament for Blackshield/Gold Coast

The SEC has noted comments by representatives of Blackshield/Gold Coast clients for the disbursement of the GHS 5.5 billion Ghana cedis approved by Parliament and wishes to clarify that the amount approved by Parliament was for all investors of the 47 companies that had claims by investors and not for Blackshield/Gold Coast investors only.



All investors with validated claims have therefore been contacted by Amalgamated Fund and GCB Capital Ltd., the entities managing the implementation of the Bailout. The Government has yet to release the full GHS 5.5 billion to the implementing agencies of the Bailout.

The update received by the SEC from the implementing agencies of the Bailout is that so far, GHS 4.6 billion has been allocated as follows: GHS3.1 billion to Amalgamated Fund Tier 1 payments and GHS1.45 billion assigned to Amalgamated Fund Tier 2 payments. This disbursement includes the partial bailout program which entailed the payment of a sum of up to Fifty Thousand Ghana Cedis (GHS 50,000) to clients of Blackshield/Gold Coast and other companies who had not received Winding up orders from the Court by October 2020 but whose claims had been validated. The total amount paid to Blackshield clients in the partial bailout is GHS 1.34 billion covering a total of 73,541 investors. Out of this amount, a total amount of GHS 757,539,141 has been used to fully settle 61,734 customers of Blackshield.

b. Request to SEC to urgently share documents with Blackshield/Gold Coast for the progression of the Official Winding-Up order

The decision to disburse bailout funds after validation of claims and an Official Winding-up order by the Court was to ensure that all claims are verified, and the assets and liabilities of the companies are transferred to the Registrar of Companies. In compliance with the Corporate Insolvency and Restructuring Act, 2020 (Act 1015), as amended by the Corporate Insolvency and Restructuring (Amendment) Act 2020 (Act 1031), an Official Winding-up order can only be granted by a Court hence the ongoing court process between the Office of the Registrar of Companies and Blackshield/ Gold Coast. The SEC has complied fully with Blackshield/Gold Coast request for documents and is not delaying the court process. The Office of the Registrar of Companies has been granted 44 Official Winding-up orders by the Court and only 2 are outstanding, namely Blackshield Fund Management Company (formerly Gold Coast) and Kron Capital Ltd. The SEC has therefore cooperated with the court process to date and will continue to do so.

The SEC wishes to inform clients of Blackshield that the firm's lawyers were granted access to all documents when Blackshield appealed the revocation decision in November 2019. The server with critical information for Blackshield/Gold Coast was in the custody of Blackshield/Gold Coast from the date of revocation 8th November 2019 until SEC sought the help of the Economic and Organized Crime Office (EOCO) to retrieve the server in August 2020. It is erroneous to accuse the SEC of delaying a process that it has cooperated with in good faith.

The SEC wishes to appeal to all affected clients to remain calm and rely only on information provided by the SEC and the Official Liquidator. For more information, affected investors or members of the general public can please call the SEC via its toll-free line number: 0800100065 or email the SEC via [info@sec.gov.gh](mailto:info@sec.gov.gh) or alternatively the office of the official liquidator by calling 0242439453 or visiting [www.bailout.rgd.gov.gh](http://www.bailout.rgd.gov.gh) for enquiries on the issue.

DATED: 30th March 2023

## 2

**PUBLIC NOTICE ON NEW GUIDELINES**

The Securities and Exchange Commission (hereinafter referred to as “SEC”) is the statutory body mandated by the Securities Industry Act, 2016 (Act 929) as amended by the Securities Industry (Amendment) Act, 2021 (Act 1062) 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.

In the exercise of the powers conferred on the SEC by Section 209 of the Securities Industry Act 2016, (Act 929) as amended by the Securities Industry (Amendment) Act, 2021 (Act 1062), the SEC publishes these Guidelines to close some gaps in the regulatory framework and strengthen supervision of the securities industry.

**Securities Industry (Registration of Securities) Guidelines 2022**

Act 929 requires that securities be registered with it before they can be sold to the public. The registration of securities is aimed at providing investors with important information about the issuers of securities as well as the securities being offered, helping to reduce the risk of fraud and other forms of market abuse. The Registration of Securities Guidelines is being issued to enable expression of the provisions in section 145 of Act 929.

**Securities Industry (Over-The-Counter Market) Guidelines 2022**

Over-the-counter (OTC) markets generally facilitate trading by providing deeper and more diverse pools of liquidity for unlisted securities, making it easier for investors to find counterparties for trades and providing timely important information about the issuers to investors. The OTC market Guidelines is being issued to bring visibility and structure to the trading of unlisted securities in the capital market.

**Securities Industry (Note Trustees) Guidelines 2022**

Note Trustees play a crucial role in the protection of investors of medium-term debt programmes. The Note Trustees are expected to facilitate the enhancement of market integrity as they act as an independent party that represents mainly the interests of investors in listed corporate debt securities, providing oversight and ensuring that the terms of the debt securities are adhered to boost investor confidence. The Note Trustees Guidelines is being issued to provide guidance to the investing public about the roles and responsibilities of Note Trustees.

**Securities Industry (Issuing House) Guidelines 2022**

Issuing Houses play an important role in the development of capital markets through provision of advisory services to issuers of securities (as defined under the Act) and it is the expectation of the SEC that they will facilitate access to capital by helping issuers raise capital from the public through the capital market. The Issuing House Guidelines is being issued to highlight the activities of Issuing Houses with regards to the business of arranging the issuance of securities.





## Securities Industry (Self-Regulatory Organizations) Guidelines 2022

In many jurisdictions, Self-Regulatory Organisation's (SRO) complement the role of the Regulator to ensure compliance and the maintenance of high professional standards. The SRO Guidelines is being issued to enable the SEC introduce another layer in the regulatory framework through the recognition of SROs in the securities industry in Ghana as envisaged in Part Two of Act 929.

### Availability of Guidelines

The general public, in particular, the investing community and capital market operators can access these Guidelines on the website of the Securities and Exchange Commission via [www.sec.gov.gh](http://www.sec.gov.gh).

DATED: FEBRUARY 13, 2023

*By Order of the Securities and Exchange Commission*

## 3

## GUIDELINES ON MARKET LEVIES FOR 2023

### 1.0 Preamble

These Guidelines are issued by the Securities and Exchange Commission (hereinafter referred to as "SEC") pursuant to section 15 of the Securities Industry Act, 2016 (Act 929) amended by the Securities Industry (Amendment) Act, 2021 (Act 1062) for the payment of market levies. The SEC has reviewed upwards the Market Operators' Levy in view of the fact that they have remained unchanged since 2017 and to reflect the cost of doing business.

### 2.0 Applicability

These Guidelines shall be applicable to Market Operators for the year 2023.

### 3.0

**Table 1: Market Operators' Levy**

MARKET OPERATORS	LEVY (GH¢)
Stock Exchange	50,000
Commodity Exchange	15,000
Securities Depository	50,000
Primary Dealer	20,000
Custodian	20,000
Issuing House	20,000
Trustee (CIS)	15,000
Note Trustee	20,000
Fund Manager	7,500
Broker Dealer	5,000

Investment Advisor	5,000
Registrar	5,000
Commodities Warehouse Operator	3,000
Credit Rating Agency	15,000

### 3.1 Mode of payment

The Market Operator shall pay the required levy by the end of the first quarter of the year either in full or in a maximum of three installments with the last installment paid not later than June 30th of the applicable year.

### 4.0 Transaction levy

- (1) The transaction levy shall be paid by the purchaser and seller of securities.
- (2) The transaction levy shall be charged on the purchase and sale as follows:
  - (a) For shares, 0.7% of the total transaction value will be distributed as follows:
    - (i) Ghana Stock Exchange - 0.35%
    - (ii) Central Securities Depository Ltd - 0.15%
    - (iii) Securities and Exchange Commission - 0.15%.
    - (iv) Market Development - 0.05%
  - (b) For Bonds, 0.01% of the value of trades and shall be appropriated as follows:
    - (i) Ghana Fixed Income Market - 0.0045%;
    - (ii) Central Securities Depository Ltd - 0.0028%;
    - (iii) Securities and Exchange Commission - 0.0025%;
    - (iv) Market Development - 0.0002%
  - (c) For Repurchase transactions: both Collateralized Lending and GMRA shall be charged at 0.002% total fees payable by each of the parties and shall be distributed as follows:
    - (i) Central Securities Depository Ltd - 0.0014% (i.e. 70% of 0.002%) and
    - (ii) Securities and Exchange Commission - 0.0006% (i.e. 30% of 0.002%).

### 4.1 Mode of payment

The transaction levy shall be paid within ten working (10) days after the end of the month in which the transaction was effected.

### 5.0 Admission Levy (Previously Issuer fee).

Fixed-income securities issued by the Government, Corporates, Metropolitan and Municipal Assemblies shall attract an admission levy of 0.0018% of the face value of the issued securities and shall be apportioned as follows;



- (i) Central Securities Depository Ltd-0.015%
- (ii) Securities and Exchange Commission-0.003%

### 5.1 Mode of payment

The Central Securities Depository shall pay the required levy within fifteen working (15) days after the end of the month in which the transaction was effected.

### 6.0 Bank account details for all transactions

All payments shall be made to the SEC through the bank account stated below.

Name of Bank: Consolidated Bank Ghana Limited

Account Name: Securities and Exchange Commission

Account Number: 1774358120001

Branch: Manet Tower 3

### 7.0 Sanctions for non-payment of Market Levies

The Commission shall exercise its powers under section 209 (4) of the Securities Industry Act, 2016 (Act 929) as amended by the Securities Industry (Amendment) Act, 2021 (Act 1062)

Dated: MARCH 13, 2023



## PUBLIC NOTICE ON VOLUNTARY CESSATION OF TRUSTEE SERVICES BY ZENITH BANK GHANA LIMITED

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The SEC issues this notice to the general and investing public that Zenith Bank Ghana Limited, a licensed Trustee that engaged in Trustee activities in the securities industry and capital market, has voluntarily requested to cease operations.

The SEC has, after a thorough assessment of the circumstances, approved the voluntary cessation of business of Zenith Bank Ghana Limited as a licensed Trustee. Zenith Bank Ghana Limited. is no longer mandated to carry out any Trustee activities within the securities industry.

All investors, market operators and the general and investing public are hereby assured that the SEC 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.

Dated: January 18, 2023

#### 4 UMB STOCKBROKERS RELOCATES TO A NEW OFFICE EFFECTIVE 1<sup>ST</sup> WEEK IN APRIL, 2023

---

UMB Stockbrokers announced for the information of the general investing public that, effective 1<sup>st</sup> week in April 2023, they would relocate from the current office premises to a new office complex as per the address below:

**No:1 Abdul Diouf Street**  
**South Ridge**  
**Accra, Ghana**  
**GPS Address: GA -052-5000**

#### 5 PRUDENTIAL STOCKBROKERS LTD. TO BE KNOWN AS LAURUS AFRICA SECURITIES LTD.

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Prudential announces for the information of the general investing public that, effective April 1, 2023 Prudential Stockbrokers Limited will be known as Laurus Africa Securities Ltd following the transfer of ownership of Prudential Stockbrokers Ltd to Laurus Africa Securities Ltd from Prudential Bank Ltd.

Laurus Africa Securities Limited address and telephone numbers will be as follows:

**Address:** 2nd Floor, Advantage Place, Mayor Rd, Ridge-Accra, GA-051-1684  
**Telephone:** 0303940660

Our email and website addresses will be as follows:

**Email:** [info@laurusafrica.com](mailto:info@laurusafrica.com)  
**Website:** [www.laurusafrica.com](http://www.laurusafrica.com)

# LATEST UPDATES

CHAPTER

02

SEC  
UPDATES

## SEC GHANA

### BUILDS CAPACITY OF STAFF IN PRIVATE FUNDS & REITS



**T**he Securities and Exchange Commission (SEC) Ghana on 21st and 22nd of March 2023 organised a 2-Day training to deepen the knowledge and skills of its staff in Private Funds and Real Estate Investment Trusts (REITs). The training, which was facilitated by Bolaji Balogun, Philip Southwell, and Richard Rothwell from Stoneware Consultants Limited and Chapel Hill Denham was delivered in-person in Accra.

Welcoming attendees and the facilitators, Director-General of the SEC, noted that it was imperative for the SEC to continuously deepen the knowledge of its staff in all areas in order for the SEC to carry out its mandate effectively. He urged the staff to dialogically engage the facilitators, who are recognized global expert in the securities industry, to make the training more impactful.

On the first day, the facilitators took the staff through topics including Alternative Assets (Private and Hedge Funds), Real Assets and Introduction to REITs, and Alternative Asset Challenges while the second day was used to cover areas such as Key Consideration for the SEC, Global Perspectives, Essentials of Private Funds and REITs, Corporate Governance, Investment Manager Risk, and Investment Guidelines, Objectives and Constraints.

Other key dignitaries in attendance were Mr. Paul Ababio, Deputy Director-General Finance, SEC; Mrs. Deborah Mawuse Agyemfra, Deputy Director-General Legal, SEC; Heads of Departments, Line Managers and supervisory staff of the SEC.

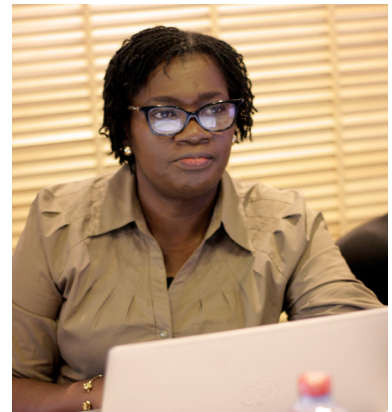
SOME VISUALS FROM THE TRAINING











# SEC PUBLISHES FIVE NEW GUIDELINES



**T**he Securities and Exchange Commission (SEC) Ghana in exercising its powers under Section 209 of the Securities Industry Act 2016, (Act 929) as amended by the Securities Industry (Amendment) Act, 2021 (Act 1062), on 13th February 2023 published five (5) new Guidelines to close some gaps in the regulatory framework and strengthen supervision of the securities industry.

The Guidelines issued by the SEC are Securities Industry (Registration of Securities) Guidelines 2022; Securities Industry (Over-The-Counter Market) Guidelines 2022; Securities Industry (Note Trustees) Guidelines 2022; Securities Industry (Issuing House) Guidelines 2022; and Securities Industry (Self-Regulatory Organizations) Guidelines 2022.

## The **FIVE** Guidelines issued by the SEC

1. Securities Industry (Registration of Securities) Guidelines 2022;
2. Securities Industry (Over-The-Counter Market) Guidelines 2022;
3. Securities Industry (Note Trustees) Guidelines 2022;
4. Securities Industry (Issuing House) Guidelines 2022; and
5. Securities Industry (Self-Regulatory Organizations) Guidelines 2022.

**GUIDELINE 01**

With regard to the **Securities Industry (Registration of Securities) Guidelines 2022**, Act 929 requires that securities be registered with it before they can be sold to the public. The registration of securities is aimed at providing investors with important information about the issuers of securities as well as the securities being offered, helping to reduce the risk of fraud and other forms of market abuse. The Registration of Securities Guidelines was therefore issued to enable expression of the provisions in section 145 of Act 929.

**GUIDELINE 02**

Furthermore, over-the-counter (OTC) markets generally facilitate trading by providing deeper and more diverse pools of liquidity for unlisted securities, making it easier for investors to find counterparties for trades and providing timely important information about the issuers to investors. The **Securities Industry (Over-The-Counter Market) Guidelines 2022** was issued to bring visibility and structure to the trading of unlisted securities in the capital market.

**GUIDELINE 03**

Also, Note Trustees play a crucial role in the protection of investors of medium-term debt programmes. The Note Trustees are expected to facilitate the enhancement of market integrity as they act as an independent party that represents mainly the interests of investors in listed corporate debt securities, providing oversight and ensuring that the terms of the debt securities are adhered to boost investor confidence. **The Securities Industry (Note Trustees) Guidelines 2022** was issued to provide guidance to the investing public about the roles and responsibilities of Note Trustees.

**GUIDELINE 04**

In terms of the Securities Industry (Issuing House) Guidelines 2022, the guideline was issued to highlight the activities of Issuing Houses with regards to the business of arranging the issuance of securities. This is because Issuing Houses play an important role in the development of capital markets through provision of advisory services to issuers of securities (as defined under the Act) and it is the expectation of the SEC that they will facilitate access to capital by helping issuers raise capital from the public through the capital market.

**GUIDELINE 05**

Finally, in many jurisdictions, Self-Regulatory Organisation's (SRO) complement the role of the Regulator to ensure compliance and the maintenance of high professional standards. **The Securities Industry (Self-Regulatory Organizations) Guidelines 2022** was issued to enable the SEC introduce another layer in the regulatory framework through the recognition of SROs in the securities industry in Ghana as envisaged in Part Two of Act 929.

**Availability of Guidelines:** *The general public, in particular, the investing community and capital market operators can access these Guidelines on the website of the Securities and Exchange Commission via [www.sec.gov.gh/directivesandguidelines](http://www.sec.gov.gh/directivesandguidelines)*



# NEW MARKET LEVIES FOR 2023



**T**he Securities and Exchange Commission (SEC) Ghana on 13th March 2023 reviewed upwards the Market Operators' Levy pursuant to Section 15 of the Securities Industry Act, 2016 (Act 929) amended by the Securities Industry (Amendment) Act, 2021 (Act 1062) for the payment of market levies.

According to the SEC, the upward adjustment of market levies was due to the fact that the levies had remained unchanged for the past 5 years, thus since 2017, hence had to be reviewed to reflect the current cost of doing business.

The new market levies are contained in the **Guidelines on Market Levies for 2023** and it is applicable to all market operators for the year 2023.

According to the Guidelines, Stock Exchanges and Securities Depositories are to pay Fifty Thousand Ghana Cedis (Ghs50,000.00) for 2023 while Primary Dealers, Custodians, Issuing Houses and Note Trustees are to pay Twenty Thousand Ghana Cedis (Ghs20,000.00) for 2023. Similarly, Commodity Exchanges, Trustees of Collective Investment Schemes (CIS) and Credit Rating

Agencies are to pay Fifteen Thousand Ghana Cedis (Ghs15,000.00). Fund Managers are to pay Seven Thousand Five Hundred Ghana Cedis (Ghs7,500.00), while Broker Dealers, Investment Advisors and Registrars are to pay Five Thousand Ghana Cedis (Ghs5,000.00). Finally, Commodities Warehouse Operators are to pay Three Thousand Ghana Cedis (Ghs3,000.00) for 2023.

**The Guidelines on Market Levies for 2023** also provides additional information on Transaction Levy, Admission Levy, mode of payments for all the levies, bank details for all transactions, and sanctions for non-payment of Market Levies in accordance with Section 209 (4) of the Securities Industry Act, 2016 (Act 929) as amended by the Securities Industry (Amendment) Act, 2021 (Act 1062).

**Availability of Guidelines:** Capital market operators can access the Guidelines on the website of the Securities and Exchange Commission via [www.sec.gov.gh/directivesandguidelines](http://www.sec.gov.gh/directivesandguidelines)





# Achieve Your Organisation's Financial Goals Through Ghana's Capital Market

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**Toll-Free: 0 800 100 065**

**Email: [info@sec.gov.gh](mailto:info@sec.gov.gh)**





## CHAPTER 03 INTERNATIONAL UPDATES

### **MR. IAN JOHNSTON, CHIEF EXECUTIVE OF DFSA, APPOINTED VICE CHAIR OF THE AFRICA AND MIDDLE EAST REGIONAL COMMITTEE (AMERC)**



**T**he Chief Executive of the Dubai Financial Services Authority (DFSA), Ian Johnston, has been elected for a two-year term as Vice Chair of the Africa and Middle East Regional Committee (AMERC), granting him a seat on the Board of the International Organization of Securities Commissions (IOSCO).

AMERC, one of IOSCO's four regional committees, focuses on regulatory and financial sector issues faced in the Africa/Middle East region. Mr. Johnston's appointment as Vice Chair of the Committee recognises his extensive experience in capital market regulation and development.

Mr. Johnston served as Chief Executive of the Dubai Financial Services Authority (DFSA) from 2012 to 2018 and was reappointed in 2022. During his time away from the DFSA, Mr. Johnston acted as a consultant to a number of regulatory bodies in the Middle East, Asia and Europe.

He also previously served as Executive Director of Financial Services Regulation at the Australian Securities and Investments Commission, and a Special Advisor at the Hong Kong Securities and Futures Commission.

Mr. Johnston is a past Chairman of the Joint Forum, a group composed of regulators in the securities, banking and insurance industries who are representatives of IOSCO, the Basel Committee on Banking Supervision and the International Association of Insurance Supervisors (IAIS). He was also a member of the Steering Group of IOSCO's Growth and Emerging Markets Committee (GEMC) and served on the Financial Stability and Technical Committee of IAIS.

The SEC Ghana extends its congratulations to Mr. Johnston and wishes him the very best during his tenure as Vice Chair.





## GGBC DIGITAL FINANCE JOINS IOSCO AS AFFILIATE MEMBER

GBBC Digital Finance, the world's largest association for the blockchain technology and digital asset community, has become an Affiliate Member of the International Organization of Securities Commissions (IOSCO).



GBBC Digital Finance is the result of a merger between the Global Blockchain Business Council – the cardinal association for the international blockchain technology community – and Global Digital Finance – the world's leading market standards association for the adoption of cryptocurrencies and digital assets. The resulting organization now has almost five hundred (500) institutional members and one hundred and seventy-eight (178) ambassadors, operating in ninety-five (95) jurisdictions. The organization's mission is to support and advance the adoption of market standards governing the use of crypto and digital assets by engaging with the industry, policymakers and regulators in the development of best practices and government standards. As an IOSCO Affiliate Member, GBBC Digital Finance will interface with other IOSCO members by sharing expertise and providing input in standard-setting for securities regulation globally.



**EMMA JOYCE**

CHIEF EXECUTIVE OFFICER – GBBC



## ***IOSCO REPORTS HIGH IMPLEMENTATION OF CORE PRINCIPLES ACROSS MEMBER JURISDICTIONS***

After assessing the findings of the IOSCO Standards Implementation Monitoring (ISIM) Review, IOSCO, in February of 2023, reported high implementation of its core principles across most participating member jurisdictions. The report, which assessed fifty-five (55) IOSCO jurisdictions, focused on the implementation of IOSCO's first five principles. These principles establish the desirable attributes of a regulator, and are as follows:



**Principle One** – The responsibilities of the regulator should be clear and objectively stated.

**Principle Two** – The regulator should be operationally independent and accountable in the exercise of its functions and powers.

**Principle Three** – The regulator should have adequate powers, proper resources and the capacity to perform its functions and exercise its powers.

**Principle Four** – The regulator should adopt clear and consistent regulatory processes.

**Principle Five** – The staff of the regulator should observe the highest professional standards, including appropriate standards of confidentiality.



The ISIM is a tool developed by the IOSCO Assessment Committee to monitor the implementation of IOSCO's thirty-eight (38) Objectives and Principles of Securities Regulation. The report released in the first quarter of 2023 focused on principles one through five and appraised a mix of emerging and advanced markets.

The West African Monetary Union (WAMU) was one of the jurisdictions evaluated as part of the process. Other Africa/Middle East participants were Angola, Dubai, Egypt, Kuwait, Mauritius, Palestine, Qatar and Saudi Arabia. The review noted that the principles were well followed across the board but identified a few implementation gaps, mostly in emerging markets.

Among the gaps observed were insufficient operational independence, a deficiency in legal protection and inadequate human capital. A lack of a stable and continuous source of funding was also discussed, as it is ubiquitous in nascent and emerging market jurisdictions.

In response to the observations stated in the ISIM Review, Sharon Kelly, the Chair of the IOSCO Assessment Committee, commended member jurisdictions for the good practices identified. She also urged members to swiftly address shortcomings to ensure maximum implementation of these all-important principles.

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**WRITTEN BY:** Dorothy Yeboah-Asiamah,  
Board Secretary and Senior Manager International Relations

**DISCLAIMER:** The views expressed in this Newsletter are the authors' and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.





Article

CHAPTER

04

MARKET  
EDUCATION

## AN ALTERNATIVE INVESTMENT OPTION: UNDERSTANDING THE BASICS OF REITS

U

nlocking a world  
of investment  
possibilities,  
Real Estate  
Investment

Trusts (REITs) have emerged as an insistent alternative investment option. While many individuals are familiar with residential real estate ownership, REITs offer a refreshing perspective on investment options. Modeled after Collective Investment Schemes (i.e., mutual funds and unit trusts), REITs provide a practical and effective way for investors to diversify their investment portfolio with professionally managed properties. It provides

investors with a liquid and cost-effective means to invest in real estate assets, surpassing the limitations of purchasing physical properties with larger capital requirements. Unleashing the potential of this investment option, investors can stretch their investment horizon with unlimited options to invest in industrial warehouses, office complexes, shopping centers, and beyond.

This article uncovers the basics of REITs, exploring their benefits, downside risk, how it works, the types that exist, and their regulation in the Ghanaian context.

### ARTICLE HIGHLIGHTS

- 1: BASICS OF REITS
- 2: TYPES OF REITS
- 3: HOW DOES A REIT WORK?
4. WHY INVEST IN REITS
5. DOWNSIDE RISKS OF REITS
6. HOW TO INVEST IN REITS



## 1

## BASICS OF REITS

A REIT is defined as a real estate investment trust company that is incorporated as a public company under the Companies Act 2019 (Act 992) with the dedicated purpose of investing in real estate that generates recurrent income (rental and interest) from operating, owning, or financing income-producing real estate and real estate-related investments.

REITs pool funds from the public, which are then utilized to acquire a range of real estate assets, including residential and commercial properties, retail spaces, industrial properties, infrastructure, and more. Investors in REITs can earn income and benefit from potential capital appreciation from

diverse assets. This investment product offers the opportunity for the investing public to tap into the growing real estate sector, overcoming the barriers of high property prices that make it unaffordable.

REITs are licensed by the Securities and Exchange Commission (SEC), with their characteristics provided for in the Securities Industry Act, 2016 (Act 929) as amended. The Securities Industry (REITs) Guidelines 2019 (SEC/GUI/001/01/2019) proffer the rules and requirements set by the SEC to govern the formation, operation, and management of REITs in Ghana.

## 2

## WHAT ARE THE TYPES OF REITS?

**Equity REITs:** Most REITs are publicly traded equity REITs, which own or operate income-producing real estate. These equity REITs are commonly referred to as REITs by the market.

**mREITs:** mREITs also known as mortgage REITs, offer financing for income-producing real estate through the acquisition or origination of mortgages and mortgage-backed securities. They generate income from the interest earned on these investments.

**Public Non-listed REITs:** Public Non-listed REITs are registered with the Securities and Exchange Commission (SEC), but they are not listed or traded on national stock exchanges.

**Private REITs:** Private REITs are investment offerings that are not subject to SEC registration requirements and their shares are not traded on national stock exchanges.

*REITs are licensed by the Securities and Exchange Commission (SEC), with their characteristics provided for in the Securities Industry Act, 2016 (Act 929) as amended.*



**REIT**  
Real Estate Investment Trust

## 3

## HOW DOES A REIT WORK?

REITs have a similar structure to that of a Collective Investment Scheme, featuring a REIT Manager and a Custodian. The Custodian is the person or entity to whom the assets of the REIT are entrusted for safekeeping, while the REIT Manager is responsible for selecting and acquiring properties for the portfolio. REITs hold a diverse portfolio of income-generating real estate assets, ranging from residential properties, office buildings, shopping centers, warehouse facilities, and telecom towers. While many REITs focus on a specific property type, others include a mix of multiple property types.

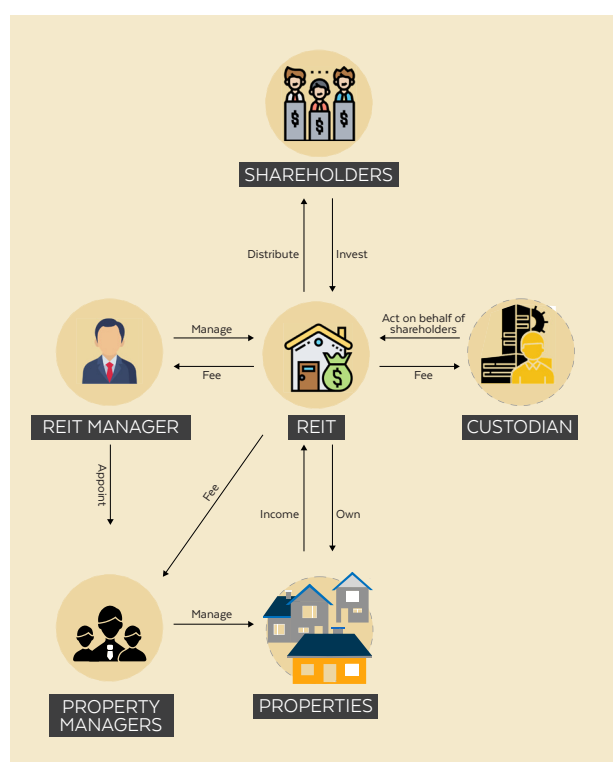
Typically, a REIT leases out its owned properties and generates revenue primarily through rental income. However, there are also REITs that opt not to own properties directly. Instead, they engage in financing real estate transactions and generate income from the interest earned on these financing activities. In accordance with SEC guidelines (SECURITIES INDUSTRY (REITS) GUIDELINES 2019 (SEC/GUI/001/01/2019) and Section 3 of the Regulation, REITs shall be modeled as follows.

- i. The company shall be engaged in the business of investing in income-generating real estate.
- ii. At least 75 percent of its revenue shall derive from rents, mortgage interest, and investment income from indirect property ownership.
- iii. At least 75 percent of its total assets shall comprise real estate.
- iv. At least 80 percent of its distributable profit, for each accounting period, shall be distributed to shareholders.
- v. The company shall list on an exchange within three (3) years as a REIT, and its leverage ratio does not exceed 40 percent of gross asset value shall ensure that the property

restrictions on its operations specified in (i) to (vi) above are expressly and clearly restated in its prospectus.

- vi. Shall not invest more than 40 percent of its total assets in a single property.

FIGURE 1: STRUCTURE OF REITS



## 4

## WHY INVEST IN REITS

REITs offer relatively high dividends and moderate, long-term capital appreciation. Their long-term total returns are akin to value stocks and often outperform the returns of lower-risk bonds. Due to their dividend income, REITs can be important for investors seeking a continuing income stream.

They are obligated to distribute at least 80 percent of taxable income annually, resulting in substantial dividends for shareholders. These dividends are mostly supported by stable contractual rents from tenants. Additionally, REITs provide portfolio diversification as their returns have a relatively low correlation with other equities and fixed-income investments. The counter-cyclical pattern of REIT returns helps reduce overall volatility and improve returns for a given risk level compared to other investments.

Historically, investors have benefited from REITs in the following ways:

1. **Low Investment Minimums**: Real estate investments characteristically demand significant capital, making them high-ticket investments. However, REITs present a compelling alternative, as they offer low investment minimums. This enables investors to attain exposure to the real estate market within their investment portfolios, even with smaller capital amounts.

2. **Diversification**: REITs are important investment vehicles that offer an opportunity for investors to diversify their portfolios. They offer an additional asset class for diversification beyond the usual asset classes of debt and equity. REITs offer exposure to real estate without the burdens of owning and managing residential, commercial or retail properties.

3. **Steady Stream of Income**: REITs generate income primarily through rental payments. As a requirement, they distribute 80% of the rental income to investors in the form of interest and dividend payments. This structure allows investors to enjoy regular income from their investments in REITs through a variety of market conditions.

4. **Professional Management**: REITs are managed by professionals. This means that investors are relieved of the responsibility of managing commercial real estate properties. The expertise and experience of these professionals ensure that the properties within the REIT are effectively managed, allowing investors to focus on their investments without the added responsibility of property management.

5. **Capital Gains**: The value of REITs traded on the stock market is closely tied to their performance. A REIT that performs well has the potential to appreciate in value, providing an opportunity for investors to sell their shares at a profit in the future. Investors can then enjoy the capital gains resulting from their investments in REITs. By monitoring the performance of the REIT and making strategic decisions on when to sell, investors can potentially maximize their returns and benefit from the capital gains of their investment.







**6. Liquidity:** Shares of publicly listed REITs are readily traded on stock exchanges, providing investors with the ability to buy or sell their shares with relative ease. This liquidity allows investors to access their investment capital when needed and provides flexibility in adjusting their investment positions. The availability of a liquid market for REIT shares ensures that investors can enter or exit their positions efficiently, enhancing the overall convenience and accessibility of investing in REITs.

On the flip side, REITs that are not listed on an exchange may have limited liquidity options, typically restricted to fund repurchase offers or trading on secondary markets. In such cases, investors may face limitations in selling the desired number of shares or may experience delays in executing transactions.

Similarly, private REITs are typically sold through private placements and are not easily offloaded, except during specific periods and at prices determined by sponsors.

It's important for investors to consider the liquidity implications associated with different types of REITs when making investment decisions, as it can impact their ability to access their investment capital and make changes to their investment positions in a timely manner.

**7. Transparency:** Listed REITs generally offer a higher level of transparency compared to non-listed REITs. Listed REITs are required to comply with regulatory reporting and disclosure obligations, providing investors with access to comprehensive financial

information, performance data, and other relevant disclosures. This transparency enables investors to make informed decisions based on accurate and up-to-date information.

Nonetheless, it's important to note that non-listed REITs also offer a certain level of transparency. Securities regulators mandate these REITs to make some public disclosures. The SEC guidelines (SECURITIES INDUSTRY (REITS) GUIDELINES 2019 (SEC/GUI/001/01/2019), specifically sections 6, 7, 8, 9, and 10, outline compliance measures designed to monitor and streamline the activities of REITs. These measures contribute to the transparency of non-listed REITs, albeit to a lesser extent compared to their listed counterparts.

## 5

### DOWNSIDE RISK OF REITs

While investing in REITs provides various benefits, investing in REITs may carry certain risks that should be considered:

**1. Market Risk:** REITs listed on the stock exchange are inherently influenced by market dynamics when it comes to the pricing of their shares. These market dynamics play a crucial role in determining the value and fluctuations of REIT prices. Factors such as supply and demand, investor sentiment, economic conditions, and trends in the real estate market collectively contribute to the pricing of REITs on the stock exchange. As a result, the prices of listed REITs can vary based on the prevailing market conditions and investor perceptions of the underlying assets

and the REIT's performance.

**2. Concentration Risk:** When a substantial portion of a REIT's value is reliant on one or a few properties, or if a few tenants contribute significantly to its income, there is a higher risk of potential losses. This is because any adverse events or issues that affect those specific properties or tenants can have a significant impact on the overall performance and value of the REIT. The lack of diversification in such cases increases the vulnerability to potential losses in the event of problems arising with the concentrated properties or tenants. To address concentration risk, the SEC 2019 REIT guidelines provide an allowance of up to 25% for revenue to be generated from sources other than rental income. This mitigation measure aims to reduce the reliance on a single income stream and diversify the sources of cash flow for the REIT.

**3. Leverage Risk:** When a REIT employs debt to finance the acquisition of its properties, it exposes itself to leverage risk. In the event of the REIT being wound up or liquidated, its assets will be utilized to settle outstanding obligations to creditors first. Only after satisfying these obligations will any remaining value be distributed among the unit holders. This means that in a winding-up scenario, creditors hold priority over unit holders in terms of receiving payments from the REIT's assets. To mitigate this risk, the SEC 2019 REIT guidelines allow for a maximum leverage ratio of 40 percent of the gross asset value.

**4. Income Risk:** This refers to the potential volatility and uncertainty associated with the income generated by a REIT. Factors such

as lower rental rates during lease renewals or decreased occupancy rates can impact the rental income of the REIT. It is crucial to consider upfront payment arrangements or contractual provisions for rental rates and terms in tenancy agreements. Additionally, if the REIT finances its properties through debt, there is a risk of reduced income distributions if the cost of debt fluctuates and increases.

## 6

### HOW TO INVEST IN REITS?

Before making any investment decisions regarding REITs, it is important to make some financial considerations, seek guidance from a professional, and conduct thorough research. There are options to review a REIT's disclosure filings, such as annual and quarterly reports, as well as any offer prospectus, to gather relevant information.

Investors can purchase shares in a REIT listed on an exchange through a broker. Financial professionals, including investment advisors, can assist in analyzing objectives and recommending suitable REIT investments. Additionally, investors have the option to invest in public non-listed REITs, which function like a Collective Investment Scheme.



## 7

## THINGS TO REMEMBER WHILE INVESTING IN REITS

There are several factors that investors should take into consideration when investing in REITs as part of their investment portfolio. These factors include:

- Macroeconomic conditions
- Occupancy Ratio
- Geographical Diversification
- Sector Diversification
- REITs Portfolio holdings
- Rolling Renewals and Re-leasing Spread
- Rental incomes/Income flows



## 8

## CONCLUSION

REITs enable investors to participate in real estate investments without owning physical properties. They provide opportunities for earning income and achieving capital growth by owning and managing income-generating properties. Assessing financial performance, property portfolio quality, and management expertise is vital for making informed investment choices. Investors must also consider risks associated with market volatility and interest rate changes.

Thorough research and guidance from financial experts are necessary for prudent investment decisions. Overall, including REITs in an investment portfolio can offer exposure to real estate and potential long-term growth, making them a valuable asset class.

## References

Wien, T. G. (2015). The Beginner's Guide to Investing in REITs. Retrieved May 23, 2023, from <https://www.propwise.sg/the-beginners-guide-to-investing-in-reits/>

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**DISCLAIMER:** The views expressed in this article are the author's and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.

# CHAPTER 05 FACTS & FIGURES

## A ASSETS UNDER MANAGEMENT

TABLE 3: ASSETS UNDER MANAGEMENT

FUM (GH¢) **	END MAR. 2023	END DEC 2022	CHANGE
*Pension	29,587,824,576.81	35,038,325,910.46	-16%
CIS	8,694,834,659.03	7,049,485,172.74	23%
Other Funds	5,961,370,369.49	5,293,966,690.66	13%
Total (GH¢)	44,244,029,605.33	47,381,777,773.86	-7%

\*Adjusted values from custodians

\*\*Marked to Market Valuation

## B OFFERS, APPROVALS & OTHER INFORMATION

List of firms licensed during the First Quarter, 2023:

TABLE 4: APPROVAL OF NEW LICENSES

	MARKET OPERATOR	APPROVAL TYPE
1	ABSA Bank Ghana Limited	Custodian Licence
2	Wangara Green Venture Company Limited	Venture Capital Fund
3	Sentinel Commerical Real Estate Investment Trust Co. Plc	REIT

### B. OFFERS, APPROVALS AND LISTINGS (PRIMARY AND SECONDARY MARKET)

No public offers were approved during the period

C. TABLE 5: APPROVAL OF NOTE TRANCHES

	ISSUER	TRANCHE NUMBER	AGGREGATE SIZE	SUBSCRIPTION
1	Bayport S&L Plc	01	GHS 50M	100%
2	IZWE S&L Plc	A18	GHS 25M	100%



**TABLE 6: LIST OF AUDIT FIRMS REGISTERED WITH THE SEC**

REGISTERED AUDIT FIRMS	
1	Adom Boafo & Associates
2	Asafu-Adjaye & Partners
3	At-Ernest Dawlah
4	Baft Chartered Accountants
5	Baker Tilly Andah & Andah
6	BNA Chartered Accountants
7	Boateng, Offei & Co.
8	CFY Partners
9	Deloitte & Touche
10	Ernst & Young Chartered Accountants
11	Eureka B. A. Consult
12	IAKO Consult
13	John Allotey & Associates
14	John Kay & Co.
15	Josten & Associates
16	KPMG
17	Kwame Asante & Associates
18	Masaada Consultants
19	MGI OAK Chartered Accountants
20	Morrison & Associates
21	Resolute Consult
22	Suglo & Associates
23	Tabariyeng & Associates
24	UHY Godwinson
25	UHY Voscon Chartered Accountants
26	PWC
27	A.D. & Associates
28	AssuranceHub Consult
29	Aryeetey & Associates
30	K.E. Wood, Arthur & Co.
31	Edie Nikoi Accounting Consultancy
32	Forbes ET
33	Hab Consult
34	Loban Hyde Chartered Accountants
35	MBA Associates
36	OBS Accounting
37	AYK Associates
38	Audax Consult
39	K & A Accounting Services
40	BLA & Associates
41	Trust Assurance
42	EAK & Associates
43	Intellisys
44	PKF
45	FT Cadmond & Associates
46	R-Alliance Consult
47	Beta & Associates
48	O2 & Associates
49	Linkgates Consult
50	BT Associate
51	Acumen Alliance
52	Gilcram Associates
53	Rak Chartered Accountants
54	J. A. Abrahams & Company
55	JOP Consult
56	MKA Partners
57	Asamoa Bonsu & Co.
58	Issifu Ali & Co.
59	Richard Owusu-Afriyie & Associates
60	K.E. Wood, Arthur & Co.

**TABLE 7: COMPLAINTS**

Complaints received during the first quarter of 2023

PERIOD	COMPLAINTS RECEIVED IN THE QUARTER	COMPLAINTS RESOLVED IN THE QUARTER
Q2 2022	37	62
Q3 2022	56	19
Q4 2022	44	18
Q1 2023	17	10

The above complaints for the quarter were mainly related to non-payment of redemptions, the application of the mark-to-market directive and missing shares

# CHAPTER 06 CAPITAL MARKET STATISTICS

**TABLE 8: CAPITAL MARKET OPERATORS AS AT THE END OF FIRST (1<sup>ST</sup>) QUARTER 2023**

	CATEGORY OF LICENSED OPERATORS	END MAR. 2023	END DEC. 2022	CHANGE
1	Broker-Dealers	29	29	0
2	Custodians	18	17	1
3	Exchange Traded Funds	2	2	0
4	Investment Advisers	12	12	0
5	Fund Managers	85	85	0
6	Mutual Funds	49	49	0
7	Primary Dealers	12	12	0
8	Registrars	4	4	0
9	Securities Depositories	1	1	0
10	Securities Exchange	2	2	0
11	Trustees	6	6	0
12	Issuing House	10	10	0
13	Unit Trusts	34	34	0
14	Private Funds	4	3	1
15	Credit Rating Agency	1	1	0
16	Real Estate Investment Trust	1	0	1
	<b>TOTAL</b>	<b>270</b>	<b>267</b>	<b>3</b>

Source: SEC

**TABLE 9: STOCK MARKET STATISTICS AT A GLANCE**

INDICATORS	END MAR. 2023	END DEC. 2022	CHANGE
Number of Listed Companies (Main Market)	31	31	0
Number of Listed Companies (Ghana Alternative Market)	6	6	0
Volume of Trades: Cumulative (Equities)	181,344,788	1,335,262,647	N.A.
Value of Trades (GH¢): Cumulative Equities	199,048,178	1,639,787,622.32	N.A.
Market Capitalization (GH¢ million)	67,847	63,986	6.03%
GSE- Composite Index (GSE-CI)	2,745.33	2,443.91	12.33%
GSE- CI YTD Returns (%)	12.33	-12.38	N.A.
GSE- Financial Stock Index (GSE-FSI)	1,806.67	2,052.59	-11.98%

Source: SEC & GSE



TABLE 10: PERFORMANCE OF EQUITIES ON THE GHANA STOCK EXCHANGE AT THE END OF MARCH 2023

	NAME OF COMPANY	CODE	CLOSING PRICE (GH¢) END MAR 2023	CLOSING PRICE (GH¢) END DEC 2022	CHANGE (GH¢ GAIN/LOSS) END MAR 2023
1	Access Bank Ghana PLC	ACCESS	4.00	4.01	-0.01
2	Agricultural Development Bank PLC	ADB	5.06	5.06	0.00
3	AngloGold Ashanti Ltd.	AGA	37.00	37	0.00
4	Aluworks Limited	ALW	0.10	0.1	0.00
5	Asante Gold Corporation	ASG	8.87	8.87	0.00
6	Benso Palm Plantation PLC	BOPP	11.67	7.65	4.02
7	Cal Bank PLC	CAL	0.50	0.65	-0.15
8	Clydestone (Ghana) Ltd.	CLYD	0.03	0.03	0.00
9	Camelot Ghana Ltd.	CMLT	0.10	0.1	0.00
10	Cocoa Processing Co. Ltd.	CPC	0.02	0.02	0.00
11	Dannex Ayrton Starwin Plc.	DASPHARMA	0.40	0.4	0.00
12	Ecobank Ghana PLC.	EGH	5.40	6.64	-1.24
13	Enterprise Group PLC	EGL	3.00	3.2	-0.20
14	Ecobank Transnational Inc.	ETI	0.15	0.15	0.00
15	Fan Milk PLC.	FML	1.29	3	-1.71
16	GCB Bank Ltd.	GCB	3.15	3.94	-0.79
17	Guinness Ghana Breweries PLC	GGBL	1.50	2.05	-0.55
18	Ghana Oil Company Limited	GOIL	1.64	1.72	-0.08
19	Mega African Capital Ltd	MAC	5.38	5.38	0.00
20	Scancom PLC	MTNGH	1.25	0.88	0.37
21	PBC Ltd.	PBC	0.02	0.02	0.00
22	Republic Bank (Ghana) PLC	RBGH	0.54	0.54	0.00
23	Standard Chartered Bank Gh. PLC	SCB	17.10	20.16	-3.06
24	SIC Insurance Company Ltd.	SIC	0.31	0.31	0.00
25	Societe Generale Ghana PLC	SOGEGH	0.62	1	-0.38
26	*** Sam Woode Ltd. ***	SWL	0.05	0.05	0.00
27	Trust Bank Gambia Ltd	TBL	0.82	0.8	0.02
28	Total Petroleum Ghana PLC	TOTAL	6.39	4	2.39
29	Tullow Oil Plc	TLW	11.92	11.92	0.00
30	Unilever Ghana PLC	UNIL	4.00	3.88	0.12
<b>Ghana Alternative Market (GAX)</b>					
31	Samba Foods Limited	SAMBA	0.55	0.55	0
32	Meridian Marshalls Holding Company	MMH	0.11	0.11	0
33	Hords Ltd	HORDS	0.1	0.1	0
34	Intravenous Infusions Limited	IIL	0.04	0.04	0
35	Digicut Production & Advertising Ltd	DIGICUT	0.09	0.09	0
36	Pesewa One Plc	POP	0.68	0.68	0
<b>Others (Depository and Pref shares, ETFs)</b>					
37	AngloGold Ashanti Depository Shares	AADS	0.41	0.41	0
38	Standard Chartered Bank Pref. Shares	SCB PREF	0.9	0.9	0
39	NewGold Exchange Tradeable Funds (ETFs)	GLD	229	217.8	11.2

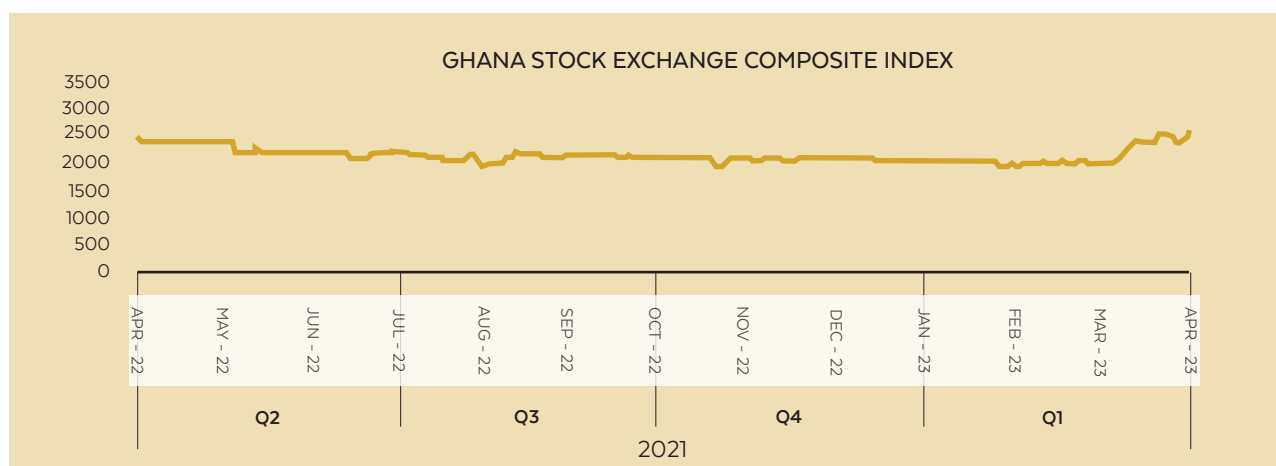
Source: SEC and GSE



# CHAPTER 07 FIRST QUARTER '23 MARKET SUMMARY

## A EQUITIES MARKET

FIGURE 2: PERFORMANCE OF GHANA STOCK EXCHANGE COMPOSITE INDEX



Source: GSE

**T**he Ghana Stock Exchange Composite Index started off the year on a positive trajectory. The benchmark index climbed upwards in each consecutive month to end Q1 2023 with 2,745.33 points reflecting a return of 12.33%. The impressive start of the GSE CI was due to investors' interest in the equities market as an attractive alternative to the current challenges and low-liquidity of the fixed-income market.

The financials subsector on the other hand, as measured by the GSE Financial Stocks Index, moved in the opposite direction. The GSE FSI shed 246 points

to end the quarter with a loss of 11.98% on investor concerns about the potential impact of the Domestic Debt Exchange Program (DDEP) on the financial sector stocks.

The market breadth was broadly negative. On a quarter-on-quarter basis, the GSE recorded 6 gainers compared with 10 laggards. TOTAL, MTN, and BOPP featured on the gainers' chart ostensibly due to their attractive dividend yields. The financial sector stocks also featured prominently on the laggards' chart on investor expectations of high impairment charges for FY2022, flowing from the subsector's high exposure to the subject matter of the DDEP.



**TABLE 11: Q1 2023 GAINERS AND LAGGARDS**

GAINERS	% GAIN (Q/Q)	GH¢ GAIN (Q/Q)	PRICE GH¢	LAGGARDS	% DECLINE (Q/Q)	GH¢ DE-CLINE (Q/Q)	PRICE GH¢
TOTAL	60%	2.39	6.39	FML	-57%	-1.71	1.29
BOPP	53%	4.02	11.67	SOGEH	-38%	-0.38	0.62
MTNGH	42%	0.37	1.25	GGBL	-27%	-0.55	1.50
GLD	5%	11.2	229	CAL	-23%	-0.15	0.50
UNIL	3%	0.12	4	GCB	-20%	-0.79	3.15
TBL	2%	0.02	0.82	EGH	-19%	-1.24	5.40
				SCB	-15%	-3.06	17.10
				EGL	-6%	-0.20	3.00
				GOIL	-5%	-0.08	1.64
				ACCESS	-0.2%	-0.01	4.00

Source: SEC &amp; GSE

Trading activity remained subdued, falling below Q1 2022 levels. The volume of shares traded dropped 35% y/y to 181 million shares valued at GH¢199 million. The ICT sector led activity accounting for 94% of trades in the quarter and 74% of market turnover.

The bourse ended the Q1 2023 with 33 counters on the main list of the Exchange and 6 counters on the GAX. SWL remained suspended from the main list of the Exchange.

## B FIXED INCOME / DEBT MARKET

The Government of Ghana completed a Domestic Debt Exchange Program (DDEP) in February 2023, as a precondition to securing a US\$3bn loan facility from the IMF. Some eligible domestic bondholders exchanged their old bonds for a new set of bonds worth GH¢82.99 billion with lower coupon rates and extended maturities. In line with the lower coupon rates, yields in the secondary market declined causing investors' interest to remain in the shorter end of the market. The primary money market recorded high demand with aggregate bids worth GHS39.83bn which exceeded auction targets and an uptake of GH¢36.41 billion. Yields in the money market took a downward turn as the government capitalized on the high demand, lack of attractive alternatives, and positive inflation outlook to compress yields. All the money market securities ended the quarter with yields. The 91-day and 182-day yields closed Q1 2023 at 18.88% and 21.44%, respectively, while the 364-day yield settled at 25.66%.

**TABLE 10: SELECTED TREASURY MARKET INDICATORS**

INDICATOR	END MAR 2023	END DEC 2022	CHANGE
91- day T-Bill Rate	18.88%	35.36%	-1648 bps
182- day T-Bill Rate	21.44%	35.98%	-1454 bps
364- day T-Bill Rate	25.66%	35.89%	-1023 bps
Interbank Interest Rate	25.87%	25.43%	+44 bps
CPI Inflation	45%	54.10%	-910 bps
Monetary Policy Rate	29.50%	27.00%	+250 bps

Source: BoG



Trading activity remained lacklustre in the secondary market with Q1-2023 trade volumes dipping 61% y/y to GH¢24.7 billion, attributable partly to the uncertainty in the market in the leadup to the DDEP and challenges with determining the appropriate means of pricing/valuing the payment-in-kind interest component of the general category of bonds. Consequently, trading activity dropped each consecutive month of the quarter from a 2022 monthly average of GH¢19.9 billion to GH¢ 10 billion in Jan 2023, GH¢9.17 billion in Feb 2023 and GH¢5.57 billion in Mar 2023. Trades in GoG securities remained at the fore of trading activity accounting for 82% of the volume of shares traded in

the quarter. Non-resident holding of outstanding debt also remained below the 2021 average of 20.1% at 9% at end Mar 2023.

The volume out outstanding corporate bonds on the GIFM also decline sharply due to the exchange of the DAAKYE and ESLA bonds for the new GoG Bonds under the DDEP.

At the end of the quarter, the Ghana Fixed Income Market (GFIM) had 224 listed debt securities (Dec 2022: 199 securities) comprised of 25 corporate bonds, 93 Ghana Government (GOG) bills & notes, 90 Ghana Government (GOG) bonds and 16 Eurobonds.

**TABLE 12: TOTAL OUTSTANDING CORPORATE SECURITIES ON THE GFIM**

ISSUER	AS AT MAR. 2023 (GH¢)	AS AT DEC. 2022 (GH¢)
Izwe Loans Ltd.	68,000,000	68,000,000
Letshego Ghana	261,655,918	298,690,000
Bayport Financial Services	116,152,000	116,152,000
ESLA Ltd.	-	8,374,538,260
Bond Savings & Loans Ltd.	70,400,000	70,400,000
Quantum Terminal Ltd.	25,000,000	25,000,000
Dalex Finance Company	20,000,000	20,000,000
Daakye Trust P Ic.	-	2,797,579,057
<b>TOTAL</b>	<b>561,207,918</b>	<b>11,770,359,317</b>

Source: GFIM

**MARKET ANALYSIS BY:** Afua Mensa-Bonsu,  
Assistant-Manager, Policy and Research, SEC

**DISCLAIMER:** The views expressed in this article are the author's and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.

TABLE 13: DEBT MARKET (MONTHLY AVERAGE RATES)

TREASURY INSTRUMENTS (INTEREST EQUIVALENT)		Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
91-Day Bill	% p.a	16.22	19.05	24.15	26.16	27.68	29.65	31.53	34.62	35.48	35.62	35.67	20.38
182-Day Bill	% p.a	16.72	20.43	25.55	27.38	29.12	30.94	32.61	35.68	36.23	35.84	35.73	23.01
364-Day Bill	% p.a	18.93	22.20	27.14	27.67	28.92	30.24	32.32	35.26	36.06	35.76	34.92	26.67
SECONDARY MARKET													
2-Year Note	% p.a	20.94	26.31	30.18	30.62	35.7	39.35	43.76	42.87	59.4	17.25	19.75	
3-Year Bond	% p.a	18.37	22.97	22.86	25.68	32.39	41.68	67.06	43.71	43.69	18.63	16.32	
5-Year Bond	% p.a	21.61	25.57	30.63	30.01	36.35	39.73	44.81	45.19	43.68	15.96	16.68	
6-Year Bond	% p.a	21.5	25.78	30.84	30.03	36.38	39.82	45.69	43.89	43.87	21.75	19.35	
7-Year Bond	% p.a	21.66	26.63	30.84	29.9	36.36	39.96	45.81	43.72	44.93	17.41	19.13	
10-Year Bond	% p.a	21.74	22.69	32.60	30.92	32.86	37.92	44.74	45.05	44.75	21.55	20.21	
15-Year Bond	% p.a	21.8	26.86	30.78	30.32	36.14	39.77	45.24	43.78	43.83	22.3	20.03	
20-Year Bond	% p.a	21.73	27.43	31.07	29.93	36.28	39.74	45.76	43.78	43.83	18.99	20.74	
Volumes Traded	billion GHC	1783	1731	24.92	19.16	15.71	14.95	22.56	22.56	11.41	10.01	9.17	5.57
Non-Resident Holding	%	17.31%	17.12	16.66	14.96	12.31	11.49	11.75	10.93	10.00	9.49	10.10	9%

Source: BOG, GSE, GFIM, CSD

\* Marked to Market Valuations from Dec 2022



**TABLE 14: STOCK MARKET INDICATORS**

INDICATOR		Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
GSE COMPOSITE INDEX (GSE-CI)	points	2,691.2	2,554.8	2,545.5	2,518.9	2,509.0	2,460.12	2,460.30	2,463.27	2,443.91	2,354.00	2,408.00	2,745.33
GSE Financial Stock Index (GSE-FSI)	points	2,209.7	2,792.6	2,177.0	2,103.6	2,079.9	2,070.10	2,069.90	2,076.84	2,052.59	2,036.00	1,946.60	1,806.67
GSE Capitalization	billion GHC	63.8	62.3	64.8	64.4	64.4	64.0	64.7	64.82	64.51	63.71	64.23	6785
Volume traded	million GHC	105.1	6571	48.2	64.3	77.3	47.72	21.34	5.2	28.34	1.55	6.14	173.66
value traded	million GHC	107.2	607.3	45.3	61.5	114.2	51.99	150.06	56.66	143.81	6.67	24.41	167.97
CIS AUM	billion GHC	-	-	7.77			6.86			*5.29			5.96
Others AUM	billion GHC	-	-	7.79			8.41			*7.05			8.69
Pensions AUM	billion GHC	-	-	32.96			35.57			*35.03			29.59
Total AUM	billion GHC	-	-	48.53			50.84			*47.38			44.24

Data Sources: BOG, GSE, GFIM, CSD

\* Marked to Market Valuations from Dec 2022



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## GLOSSARY OF TERMS

<b>Securities</b>	The term "security" refers to a fungible, negotiable financial instrument that holds some type of monetary value. It represents an ownership position in a publicly-traded corporation via stock; a creditor relationship with a governmental body or a corporation represented by owning that entity's bond; or rights to ownership as represented by an option. Also, a security is a financial instrument, typically any financial asset that can be traded (Securities are tradeable financial assets).
<b>Integrity of the market</b>	The need to ensure that markets operate fairly and safely in order to encourage the widest possible confidence in them, thereby promoting high levels of savings and investment.
<b>Capital market</b>	The capital market is the long-term segment of the financial market. It is the mechanism through which institutions and governments raise long-term funds through the issue of shares and bonds.
<b>Equities Market</b>	An equity market is a market in which shares of companies are issued and traded, either through exchanges or over-the-counter markets.
<b>Ghana Fixed Income Market</b>	A market to facilitate the secondary trading of all fixed income securities and other securities to be determined from time to time. The market has been established by key stakeholders in the financial market led by the Bank of Ghana (BoG), Ghana Stock Exchange, (GSE), Central Securities Depository Ghana Ltd (CSD), Ghana Association of Bankers, the Ministry of Finance, Financial Market Association (ACI Ghana) and Licensed Dealing Members (LDMs) of the Ghana Stock Exchange. The GFIM is based on the existing license that the Ghana Stock Exchange (GSE) has to operate a market for securities. The main regulator for the market is the Securities and Exchange Commission.
<b>Commodities Market</b>	A commodity market is a marketplace for buying, selling, and trading raw materials or primary products.
<b>Fund Management Industry</b>	The Fund Management Industry comprises of Fund Managers managing retail and institutional portfolios, Pension Funds and Collective Investment Schemes (consisting of Mutual Funds and Unit Trusts), and Custodians.
<b>Money Markets</b>	A component of the economy which provides short-term funds. The money market deals in short-term loans, generally for a period of a year or less.
<b>Broker Dealers</b>	Carry on a business of dealing in securities such as equities/shares, bonds, short-term debt instruments, etc. as principal or as an agent.
<b>Custodians</b>	A person who takes responsibility for safeguarding a firm's or individual's financial assets and holds the assets in safekeeping on behalf of the firm or individual.
<b>Securities Depositories</b>	A depository is an institution that holds securities. A depository facilitates trading of securities by transferring ownership of security after trade execution.
<b>Fund Managers</b>	Manage funds on behalf of a client pursuant to a contract or arrangement with the client.
<b>Investment Advisory</b>	An investment advisor is any person or group that makes investment recommendations or conducts securities analysis in return for a fee, whether through direct management of clients' assets or by way of written publications.
<b>Issuing House</b>	A merchant bank or firm of stockbrokers which buys shares issued by a company and coordinates their sale to the public.
<b>Mutual Funds</b>	A public company incorporated to operate by pooling money from investors and investing in securities on their behalf.
<b>Unit Trust</b>	A unit trust is an arrangement where investors' funds are pooled together and invested in a portfolio of securities and other financial assets, with the beneficial interest in the assets of the trust divided into units.
<b>Primary Dealers</b>	A body corporate which buys government securities directly from the government with the intention of reselling to any other person.
<b>Registrars</b>	A registrar is an institution responsible for keeping records (ie. registers) of bondholders and shareholders of issuers of securities.
<b>Trustees</b>	A body corporate in which the property subject to a trust created may be vested in accordance with the terms of the trust deed for the beneficiaries named.
<b>Securities Exchanges</b>	An exchange is an organized market on which securities such as shares, and bonds can be bought and sold.



<b>Private Equity Funds</b>	A private equity fund is a pooled investment vehicle where the adviser pools together the money invested in the fund by all the investors and uses that money to make investments on behalf of the fund.
<b>Primary Market</b>	It is a market where companies, governments and other entities obtain financing through selling of equity-based or debt-based securities. It is where new shares and bonds are sold to the public for the first time [e.g., IPO, for new shares]. Securities are purchased from the issuer who receives proceeds of sale to finance its business operations.
<b>Secondary Market</b>	This is where investors buy and sell securities that have already been issued on the primary market. The purchase and sale take place on a securities exchange. The proceeds of the sale go to the selling investor and not the issuer.
<b>Money Market</b>	The Money Market is the segment of the market where short-term debt investments of up to one year maturity are bought and sold. It involves the purchase and sale of overnight swaps of large amounts between banks and also between banks and Central banks. Companies play in the money market by selling CPs to Funds. They can also purchase bank CDs as safe place to park money in the short-term. An individual may invest in the money market by purchasing a money market mutual fund, treasury bill or open a fixed deposit account with a bank. Money market instruments are characterized by safety, liquidity, low risk and low return. Ordinarily not regulated by the SEC. However, Fund managers and CIS' invest in money market instruments as part of their portfolios.
<b>Exchange Traded Fund</b>	An exchange-traded fund (ETF) is a type of pooled investment security that operates much like a mutual fund. Typically, ETFs will track a particular index, sector, commodity, or other assets, but unlike mutual funds, ETFs can be purchased or sold on a stock exchange the same way that a regular stock can. An ETF can be structured to track anything from the price of an individual commodity to a large and diverse collection of securities. ETFs can even be structured to track specific investment strategies.
<b>Equities (shares)</b>	Indicate part ownership of investors in a firm and also enable investors to participate in the firm's profit in the form of dividends.
<b>Ordinary Stocks</b>	Ordinary shares, also called common shares, are stocks sold on a public exchange. Each share of stock generally gives its owner the right to one vote at a company shareholders' meeting. Unlike in the case of preferred shares, the owner of ordinary shares is not guaranteed a dividend.
<b>Preference Stocks</b>	Preference shares, more commonly referred to as preferred stock, are shares of a company's stock with dividends that are paid out to shareholders before common stock dividends are issued. If the company enters bankruptcy, preferred stockholders are entitled to be paid from company assets before common stockholders. Most preference shares have a fixed dividend, while common stocks generally do not. Preferred stock shareholders also typically do not hold any voting rights, but common shareholders usually do.
<b>Debt Securities</b>	A debt security is a debt instrument that can be bought or sold between two parties and has basic terms defined, such as the notional amount (the amount borrowed), interest rate, and maturity and renewal date.
<b>Government Bonds</b>	A government bond is a debt security issued by a government to support government spending and obligations. Government bonds can pay periodic interest payments called coupon payments. Government bonds issued by national governments are often considered low-risk investments since the issuing government backs them.
<b>Corporate Bonds</b>	A corporate bond is a type of debt security that is issued by a firm and sold to investors. The company gets the capital it needs and in return the investor is paid a pre-established number of interest payments at either a fixed or variable interest rate. When the bond expires, or "reaches maturity," the payments cease and the original investment is returned.
<b>Bonds</b>	A bond is a debt security. Borrowers issue bonds to raise money from investors willing to lend them money for a certain amount of time.
<b>Preferred stock/ Preference shares</b>	Holders of preference shares are eligible to receive dividends at a fixed rate. It is important to note that before dividends could be paid to equity shareholders, holders would have received this dividend. Preferred stockholders claim to the company's surplus in the case of liquidation will be ranked higher than that of ordinary stockholders, but lower than that of the company's creditors, bondholders, and debenture holders.
<b>Commodities</b>	A commodity is a basic good used in commerce that is interchangeable with other goods of the same type. Commodities are most often used as inputs in the production of other goods or services. A commodity thus usually refers to a raw material used to manufacture finished goods.





<b>Market Capitalization</b>	Market capitalization refers to the total dollar market value of a company's outstanding shares of stock. The investment community uses this figure to determine a company's size instead of sales or total asset figures. In an acquisition, the market cap is used to determine whether a takeover candidate represents a good value or not to the acquirer.
<b>Traded Value</b>	Trade in value meaning is the total amount of buy and sell trades taken place at a time. It can be majored at any time but mostly it is taken into account on a day-to-day basis to track the overall stock market trend or a particular stock trend.
<b>Volume of Trade</b>	Volume of trade is the total quantity of shares or contracts traded for a specified security. It can be measured on any type of security traded during a trading day. Volume of trade or trade volume is measured on stocks, bonds, options contracts, futures contracts, and all types of commodities.
<b>Listed Companies</b>	A listed company is a public company. It has issued shares of its stock through an exchange, with each share representing a sliver of ownership of the company. Those shares can then be bought and sold by investors, rising or falling in value according to demand.
<b>Collective Investment Scheme (CIS)</b>	A pool of funds for investment that are managed by a professional fund manager on behalf of the investors of the fund.
<b>Real Estate Investment Trusts (REITS)</b>	REITs, or real estate investment trusts, are companies that own or finance income-producing real estate across a range of property sectors. These real estate companies have to meet a number of requirements to qualify as REITs. Most REITs trade on major stock exchanges, and they offer a number of benefits to investors.
<b>Mutual Fund</b>	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 professional fund managers to manage the investment. The company issues shares which represent pro-rata share of the pool of fund assets to investors.
<b>Market liquidity</b>	In business, economics or investment, market liquidity is a market's feature whereby an individual or firm can quickly purchase or sell an asset without causing a drastic change in the asset's price. Liquidity involves the trade-off between the price at which an asset can be sold, and how quickly it can be sold.
<b>Savings</b>	Savings is the portion of an individual's income that is not spent on current expenditure but rather set aside for future use.
<b>Investment</b>	Investment is the current commitment of money for a period to derive future payments that will compensate the investor for the time the investment is held and the associated risk.
<b>Budgeting</b>	A process for tracking, planning and controlling the inflow and outflow of your income. It entails identifying all the sources of income and taking into account all current and future expenses, with an aim to meet your financial goals.
<b>Inflation</b>	Inflation is a rise in prices, which can be translated as the decline of purchasing power over time. The rate at which purchasing power drops can be reflected in the average price increase of a basket of selected goods and services over some period of time.
<b>Investment Risk</b>	Investment risk can be defined as the probability or likelihood of occurrence of losses relative to the expected return on any particular investment.





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