The Financial Stability Board (FSB) have invited the heads of the Ministry of Finance and Economic Planning, the Bank of Ghana and the Securities and Exchange Commission to represent Ghana on its Regional Consultative Group for Sub-Saharan Africa.

The Securities and Exchange Commission (SEC) has accepted the invitation and is represented by the Director General, Mr. Anane Antwi. The presence of Ghana at such forum will allow the SEC to among other things;

i. Positively influence regional policies in favour of the Capital Market in Ghana

ii. Boost the image of the SEC and the Financial Sector in Ghana in the international arena

iii. Forster relationships between the SEC and other regional financial sector bodies to further develop the Capital Market in Ghana.

The FSB was established to co-ordinate the work at the international level of national financial authorities and standard setting bodies, and to develop and promote the implementation of effective regulatory, supervisory, and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts.

Other members of the Consultative Group for Sub-Sahara Africa as of 28th November 2011 were South Africa, Botswana, Kenya, Mauritius, Namibia, Nigeria, and Tanzania.

Other FSB Regional Consultative Groups are:

1. Middle East and North Africa.
2. Commonwealth of Independent States.
3. Europe.
4. Americas
5. Asia.

The Director General on behalf of the SEC, on 3rd November 2011, at the invitation of the management of the Agricultural Development Bank (ADB) made a presentation on the topic Listings on the Ghana Stock Exchange: Procedures, Challenges and Benefits.

The DG discussed various benefits of listings on the GSE including;

- Easier access to long term capital.
- Improvement in the financial position of the Company.
- Enhanced status in the Community.
- Provision of incentives for employees.
- Corporate tax rebate of 3% for the first three years after listing.

Touching on the requirements for listings, Mr. Anane Antwi said that a company as a general rule was expected to meet the following requirements:

**Minimum Stated Capital** – The company must have a stated capital after the public floatation of at least GH₵1million.

**Minimum Public Float** – Shares issued to the public must not be less than twenty-five percent (25%) of the number of shares issued by the company unless reasonable justification is provided for a smaller percentage.

**Payment of Shares** - Shares must be fully paid for. Except in very exceptional circumstances, the Exchange will refuse listing in respect of partly paid shares.
Spread of Shares - The spread of shareholders existing at the close of an offer should be in the GSE’s opinion adequate with at least 199 shareholders after the public offer.

Financial Statements - The Company must have at least three years audited accounts.

Profitability - The Company must have some record of reasonable profitability.

Governance - The Company must have competent board members and an Audit Committee of the board.

Touching on the challenges, Mr. Antwi asked the management to note that listings comes with continuing listing obligations including periodic reporting. He indicated that management of ADB must be ready to make public disclosures of sensitive information, practice good corporate governance and stand ready to meet the expectations of many competing shareholders.

The deputy Managing Director of the Ghana Stock Exchange, Mr. Ekow Afedzie also took his turn to explain the listings procedures to the gathering.

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Lecture on “The Emerging Bond Market in Ghana – Prospects and Challenges”

The Director General of the SEC, Mr. Adu Anane Antwi during the last quarter of 2011 chaired a lecture on “The Emerging Bond Market in Ghana – Prospects and Challenges” organised by the Chartered Institute of Bankers. In his speech, Mr. Antwi noted that although Ghana’s capital market has over the years seen growth and development particularly on the part of the equities market, the bond market in Ghana, both corporate and Government still remained under developed.

He indicated that the development of the bond market therefore posed a challenge which needed urgent attention. He stated that in 2002, the Government of Ghana, to address this challenge set up a National Bond Market Committee whose mandate was to recommend ways by which the Bond Market in Ghana could be developed. The Committee’s report had long been submitted to Government and Government had initiated the implementation of some aspects of the report.

He noted that with the coming into being of the new pensions reforms in Ghana, pension funds in the country would need long-term fixed income securities as part of their portfolio of assets to invest in. He therefore urged the gathering to take steps to gain more insights into the prospects and challenges facing the development of the bond market in Ghana to enable the country forge a road map to take advantage of the benefits of a bond market.

Touching on efforts being made by the SEC to develop the Bonds Market, Mr. Adu Anane Antwi stated that the SEC had set up a Market Development Committee which is charged with among other things, the promotion of corporate and municipal bonds markets. The Committee is also to educate and encourage both government and private institutions to use the bond market to raise long term capital.

He stressed the need for the government to work towards the issue of bonds with more than the current five years maturity, noting that Kenya in 2010 was able to issue a 25 year government bond.

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New Organizational Structure for SEC

The SEC has introduced a new organizational structure based on business, not functions, to help the SEC build up business expertise.

A major element of change in the new structure is the regulation of the business of stockbrokerage and that of fund management by different departments. This new arrangement will not allow an operator to be regulated as both a broker-dealer and a fund manager as was the case under the old organizational structure.

The SEC hopes to operationalize the new structure from the beginning of March 2012.
SEC Staff hold Consultative Sessions With Infotech Global Pte On Integrated Web Portal

The SEC has embarked on an IT project aimed at automating the operations at the SEC. As part of the project, a web portal is being created to serve as both an information hub and also an e-filing system for market operators. In line with the above, operational departments of the SEC during the quarter met with the infotech team contracted to develop the web portal to discuss issues that had arisen following the first release of the portal. The second release is expected during the first quarter of 2012.


In keeping with the compliance of the Financial Action Task Force standards in Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT), the SEC in collaboration with the Ghana Financial Intelligence Centre launched a Compliance Manual on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) for Capital Markets Operators on 20th December, 2011 at Alisa hotel, Accra.

At the launch, the chairman of the SEC, Professor E.V.O. Dankwa, who chaired the function, noted that criminals commit crimes mainly because of the benefits they derive from such crimes. He said that since the money derived from crimes was ‘dirty money’, criminals tended to launder such money so as to make it appear legitimate when integrated into the normal economy. He indicated that to prevent the escalation of crimes in Ghana, the means by which ‘dirty money’ was laundered needed to be frustrated, hence the fight against money laundering.

In his speech, the Director General of the SEC, Mr. Adu Anane Antwi assured all market operators, investors and other stakeholders that the Commission will never relent in its efforts to meet the three core objectives of securities regulations.

He indicated that in order to strengthen the Commission’s ability to fight money laundering, the Unit set up by the Commission for that purpose will be supported with requisite staff, skills set and other resources that will help it to combat this menace in the capital market.

In presenting his speech on the highlights of Ghana’s National Strategy/Action plan on AML/CFT, the Acting Chief Executive Officer of the FIC, Mr. Samuel Thompson Essel, commended the SEC for being the first regulatory body in Ghana to issue guidelines on AML/ CFT Compliance.

He noted that in response to the global call for measures against money laundering and terrorism financing (ML/TF), Ghana had enacted two very important laws namely, Anti-Money Laundering Act, 2008, (Act 749) and the Anti-Terrorism Act, 2008, (Act 762).

In a speech delivered on behalf of the Minister of Finance and Economic Planning (MOFEP) by Dr. Asamoah Baah, Special Advisor to the Minister, the Minister noted that since the fight against ML/TF is seen as a chain in which all countries are linked, it is expected that the government of Ghana will do everything possible to ensure the adoption of an effective AML/CFT framework and comply fully with the 40+9 Recommendations of the Financial Action Task Force (FATF).

He indicated that every necessary support would be given to the FIC to enable the centre become a member of the Egmont group to foster collaboration with the Financial Intelligence Centres, worldwide in accordance with section 5 of the Anti-Money Laundering Act, 2008, (Act 749).

Public Notice on NEW RIVERS CAPITAL GROUP

The Securities and Exchange Commission’s attention was drawn to an advertisement on pages 18 & 19 of the Daily Graphic of November 4, 2011 offering capital market job opportunities in a company called ‘NEW RIVERS CAPITAL GROUP’.

The SEC after investigations caused a public notice to be issued to the general public informing them that NEW RIVERS CAPITAL GROUP had not been granted licenses to operate in any of the areas regulated by the SEC, i.e. Stockbrokerage, Asset Management and Investment Advisory services. The notice said the company in question had been refused a license to operate as an Investment Advisor in April 2011.

ALFL Seeks Temporary Suspension of License

The SEC, upon the request of the directors of African Legacy Finance Limited temporarily suspended the Broker-Dealer and Investment Adviser’s licences issued to it to enable the Board restructure the company following the demise of Mr. Jophiel Nyemitei, majority shareholder and CEO of the company and the resignation of other key personnel of the company. The SEC directed that the Board Members of ALFL ensure that all clients funds in the company’s possession be returned to investors before the grant of the suspension of its licences took effect.

As a further precaution, the SEC required the directors to sign an Undertaking to the effect that in the event of their failure to make any such refund to a client, they the directors would be held jointly and severally liable for the refund of same.
Training & Capacity Building Of SEC Staff

During the period of October 2011 – December 2011, staff of the SEC participated in various training programmes aimed at building the capacity of SEC staff to meet the ever increasing demands of the capital market.

1) A staff each of the Corporate Finance Department and the Accounts department attended the 12th Annual Emerging Markets for Regulators in the Emerging Markets in Lanai Kijang, Kuaala Lumpur, Malaysia. The theme for the Annual Meeting was ‘Strengthening Market Integrity in the Changing Capital Market Landscape’.

The main objectives of the programme were as follows:

a. Sharing knowledge and experience in promoting market integrity.

b. Providing participants with an enhanced ability to introduce regulatory changes and actions required to strengthen market integrity in their respective jurisdictions.

2) Two (2) staff of the Human Resource Department took part in Executive Secretaries and Personal Assistants training programme held in Cape Town, South Africa. The programme was to provide participants with the knowledge and skills for efficient running of organizations particularly relating to individual job performances, the business environment and to develop basic team work skills. Skills highlighted upon included presentation skills, the core elements of professional excellence, working productively with colleagues, managing your day effectively, achieving results in pressure situations and managing stress productively.

3) A staff of the newly created Anti Money Laundering and Counter Financing of Terrorism (AML/CFT) unit at the SEC attended the 16th Technical Commission/Plenary Meeting of the Inter Governmental Action Group against Money Laundering in Lome Togo, from the 14 to 16 November 2011.

2011 African Corporate Governance Conference

Two staff of the SEC participated in a Corporate Governance Conference dubbed “2011 African Corporate Governance Conference” from 5th -8th December 2011, organized by Advantage Training in Johannesburg, South Africa.

The conference was to discuss among other things the King III Report, its implications and support structures in African organizations and how to deliver Good Governance through corporate integrity. The 3 day conference also addressed strategies and trends that organizations can adopt for corporate ethics and values in organizations.

The key note address at the Conference was delivered by Professor Mervin King, Chairman, King Committee on Corporate Governance.

Annual Meeting of the Emerging Markets Committee of the International Organization of Securities Commissions (IOSCO)

The Annual Meeting of the Emerging Markets Committee of the International Organization of Securities Commissions (IOSCO), was held in Punta Cana, Dominican Republic from 17th -19th October 2011. The SEC was represented by the Director General, Deputy Director General and one Commissioner.

The meetings held on the 17th and 18th October 2011, were opened to member countries only and discussed among other things,

a) The methodology of the new regulatory principles of IOSCO.

b) The regulation and effective supervision of financial market infrastructure.

The meeting was climaxed on 19th October 2011 with a public conference which was attended by representatives of private companies, financial institutions, economists and government officials from the Dominican Republic.

Approvals

During this period October to December Accra Hearts of Oak and Ghana Stock Exchange were given approvals on the extension of its Initial Public Offer (IPO) and Listing fees respectively.
SEC STAFF Attend IOSCO Seminar Training Programme 2011.

Three members of staff of the Commission, including the Director-General attended the IOSCO SEMINAR TRAINING PROGRAMME 2011 which was held at the IOSCO headquarters in Madrid, Spain from 25th – 28th October 2011. The theme for the programme was ‘Investor Education and New Research in the Securities Market’. The Director-General of the Commission was invited to make a presentation on “Investor Education, Ghana’s Experience”. The seminar brought together twenty three (23) capital market regulators from different countries. Some of the main topics treated included:

- Recent Developments and Challenges in the Securities Markets.
- Current Risks in the Securities Markets
- Regulation of Hedge Funds
- Regulation of Dark Pools, High Frequency Trading and Algorithmic Trading.
- Key Initiatives, Current Status & Challenges Facing Investor Education.

SEC STAFF Attend Conference On “Convening On Commodity Exchanges In Africa”

Staff of the SEC and members of the National Task Force on Establishment of a Commodities Exchange and warehouse Receipt System attended a Conference and capacity building programme in Addis Ababa, Ethiopia under the auspices of the Ethiopian Commodities Exchange (ECX). The conference which was held from 8th - 9th November 2011 was for African countries already having established Commodities Exchanges and Warehouse Receipt Systems to share their knowledge and experiences with participating African Countries trying to establish one.

The team also had the opportunity to learn about the operations of the ECX and also how warehouses were operated and regulated. The Director-General of SEC, Mr. Adu Anane Antwi was invited to take part in a panel discussion dubbed “The Regulators Round”. All sessions of the conference have been uploaded at www.commodityexchangesafrica.com
Five New Entrants into the Securities Industry

As part of its licensing mandate under the Securities Industry Act, 1993, PNDCL333 as amended by Act 590, the SEC through its Approvals and Licensing Committee approved licenses for the following companies in the stated categories during the last quarter of 2011.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>LICENSE CATEGORY</th>
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<tbody>
<tr>
<td>Agricultural Development Bank</td>
<td>Custodian License</td>
</tr>
<tr>
<td>Zenith Bank Ghana Limited</td>
<td>Custodian License</td>
</tr>
<tr>
<td>Brooks Asset Management Limited</td>
<td>Investment Adviser</td>
</tr>
<tr>
<td>Serengeti Capital Limited</td>
<td>Investment Adviser</td>
</tr>
<tr>
<td>SIC Financial Services Limited</td>
<td>Broker Dealer</td>
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4th Forensic Conference
For Africa held in Ghana

The Director General of the SEC, Mr. Adu Anane Antwi was invited as the Guest of Honour at the 4th Forensic Conference for Africa aimed at building anti-fraud/corruption capacity in Africa for the effective fight against these vices. The Conference which was held in Accra from 5th - 9th December 2011 was attended by both local and international experts on anti fraud practices.

In his speech read on his behalf by Mr. Emmanuel Mensah-Appiah, the head of AML/CFT of the SEC, Mr. Antwi noted that reports of massive corruption in both state and private entities, and the attendant consequences of its socio-economic impact including underdevelopment and unemployment had in recent times engaged the attention of Governments worldwide. He therefore applauded the organizers of the conference for choosing to hold the conference at this time and entreated participants to take advantage of the presence of the renowned anti-fraud specialists, who were at the conference from various parts of the world, to learn how to fight fraudsters who always try to keep a step ahead of fraud detectors.

He also reminded participants of the role of the Securities and Exchange Commission, (SEC) in protecting investors from misleading, manipulative or fraudulent practices, including insider trading, and the misuse of client assets. He indicated that the Securities Industry Act, 1993 (PNDCL 333) as amended makes it an offence for anyone to engage in any act that would lead to fraud or corrupt practices on the capital market. He pointed out that in line with the above, the SEC as part of its efforts to prevent/fight fraud had, in accordance with the Anti Money Laundering Act, 2008 (Act 749), set up a specialized unit to help tackle the issue of anti-money laundering and related crimes in the capital market.
The SEC on 17th of December 2011 organized a Christmas get-together for Commissioners, staff and their families at the SEC premises. The event was to herald the Christmas festivities and provide an opportunity for staff, Commissioners and their families to socialize.
First National Youth Investment Crusade Held in Accra.

On 26th November 2011, Business Mayor, a private sector initiative organized the first National Youth Investment Crusade in collaboration with the Ministry of Finance and Economic Planning (MOFEP), the Securities and Exchange Commission (SEC), the Ghana Securities Industry Association (GSIA) and Musicians Union of Ghana (MUSIGA) in Accra.

The maiden event held under the theme “Enriching Lives through Investment” was aimed at sensitizing the investing public especially the youth on the need to invest. The event attracted students from tertiary institutions in the Greater Accra Region of Ghana as well as the general public. The event was also interspersed with music from various hip life artists.

The Guest of Honour for the event was the Minister of Finance and Economic Planning (MOFEP), Dr. Kwabenya Duffour. In a speech read on his behalf by a Principal Finance Officer at MOFEP, the Minister lauded the initiative and emphasized Government’s continued commitment to put in place policies aimed at improving the financial literacy rate in Ghana.

On his part, the Director General of SEC, Mr. Adu Anane Antwi, commended the organizers for putting together the event and entreated the youth to take investment for their future very serious. He asked the youth to always remember to “Plan for the Future and not to hope for it”.

Book entitled “Enjoying a Blissful Retirement” Launched

The Director General of the SEC, Mr. Adu Anane Antwi on 5th October 2011 delivered a speech at the launch of a book entitled “Enjoying a Blissful Retirement” written by Mr. Samuel Bright-Kaitoo, a Securities Industry Professional.

In his speech, the Director General alluded to the fact that old age and retirement are inevitable outcomes of our life cycle, which can be confronted boldly and expectantly through proper investment planning - irrespective of whether one is in the formal or in-formal sector of the economy. He therefore advised the youth to take the necessary steps today to secure their retirement. He admonished the practice whereby young men and women who have just started life, think that the end of the journey (retirement) depends on a swift or flying start in life – with top jobs, fat salaries, flashy cars, subsidized accommodation, high society weddings, expensive holidays abroad, dining in expensive restaurants and hotels, etc. He advised that a better and balanced quality of life can be enjoyed throughout a life cycle through proper and balanced planning.

He stressed the need for more financial products to be created on the capital market to provide investment vehicles for the funds to be accumulated under the new pension scheme established under the National Pensions Act, 2008, (Act 766).

To help create more financial products, the Director General announced that the Securities and Exchange Commission had established a Market Development Committee tasked with among others ensuring more listings on the Ghana Stock Exchange. He encouraged companies as well as statutory bodies to use the Ghana Stock Exchange to issue Bonds to raise capital for their operations.

Knowledge Bank

What is investing?

Investing is the act of committing money or capital to an endeavor with the expectation of obtaining an additional income or profit. There are many different ways you can go about making an investment. This includes putting money into shares, bonds, mutual funds, unit trusts, real estate, or starting your own business. Sometimes people refer to these options as "investment vehicles," which is just another way of saying "a way to invest."

What Investment is Not?

Investing is NOT gambling. Gambling is putting money at risk by betting on an uncertain outcome with the hope that you might win money.

Source: Investopedia

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