



"ENSURING INVESTOR PROTECTION"

SEC News

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Central Securities Depository Ghana Ltd. and GSE Securities Depository Company Ltd. Merged

The Central Securities Depository (Gh) Limited (CSD) and the GSE Securities Depository Company Limited (GSD) have merged into a single entity.

This follows an agreement signed to that effect between the Bank of Ghana (BoG) and the Ghana Stock Exchange (GSE) on Tuesday 24th December 2013. The Securities and Exchange Commission was represented at the ceremony by its Deputy Director-General, Mr. Alexander Williams and the Head of Exchanges and Markets, Ms. Evelyn Essien.

The CSD was established by the BoG to maintain records of ownership of government securities as well as securities issued by the BoG and Cocobod. The GSD was established in 2008 as a subsidiary of the GSE to provide custody for securities listed on the Ghana Stock Exchange and also provide for the dematerialization of share certificates.

Under the terms of the agreement the CSD shall be the surviving entity with effect from January 1, 2014. The BoG will own 82% of the new company and the GSE, 18% with the option to increase its shareholding up to 30% within one year at a price existing at the time of the merger.

Mr. Stephen Tetteh, current Chief Executive Officer of the CSD, will maintain his position while Mrs. Melvina Amofo, the Executive Director of the GSD, assumes

the position of Deputy Chief Executive Officer. All staff of the GSD will be absorbed into the new company. The merged entity will in addition to securities depository services also offer registrar services under a licence granted by the Securities and Exchange Commission.

The Governor of the Bank of Ghana, Dr. H. K. Wampah said at the ceremony that the merger was necessary because the two depositories were a duplication of cost and efforts and pledged Bank of Ghana's support to mitigate transitional challenges.

According to the GSE, the merger will provide a common depository platform for the two institutions and harmonisation of trading as well as clearing and settlement practices. This will generate benefits and thus create significant additional value for all market participants.

The merger will make for a more efficient trading of fixed income and equity securities and reduce operational cost for the merged depository and lower transaction cost for market participants. It will also make the market more attractive to investors. Investors will maintain only one account for all their portfolio. The resources of the shareholders, BoG and GSE can be pooled together to build a state-of-the-art infrastructure to modernise the operations of the depository.

Regulatory Compliance Portal Goes Live

The SEC's Regulatory Compliance Portal went live in October on a 3-month trial phase during which it will run side-by-side with the manual system of filing. This is to enable market operators familiarise themselves with the system while providing sufficient time for teething problems of the new system to be addressed.

The Regulatory Compliance Portal is available at www.sec.gov.gh and replaces the SEC's former website, www.secghana.com.

Complaints regarding the system may be channelled by email to rcp@sec.gov.gh.

SEC'S evening with CEOs and CFOs of listed companies

The Securities and Exchange Commission organized a seminar for Chief Financial Officers and Chief Executive Officers of listed companies to discuss disclosure requirements in financial statements to facilitate compliance. The program, dubbed SEC's evening with CEOs and CFOs of Listed Companies was held at the College of Physicians and Surgeons on 29th October, 2013. Issues discussed included:

- Quarterly financial statements
- Annual reports
- Audit sub-committee reports
- Reconciliation of issued shares
- Filing of returns at the Registrar- General's Department
- Maintenance of websites
- Investor relations desks

The major concern expressed by the listed companies at the meeting was the notarisation of the financial statement to comply with the regulation that financial statements must be accompanied by sworn statements of Chief Financial Officers or Chief Executive Officers. Representatives appealed to the Director General to waive the requirement for a sworn statement for quarterly financial statements. Officials of the SEC promised to consider the request of the companies.

Meeting with Auditors of Licensee and Listed Companies

On the 19th of December, 2013, the Securities and Exchange Commission met with Auditors of licensee companies and listed companies. The purpose of the meeting was to discuss concerns with the presentation and disclosure of information in the financial statements of listed companies and licensees of SEC. In attendance were 13 Auditing firms represented by 27 Auditors.

The Commission raised concerns about the disclosures of related party transactions and the signing of Auditors' Reports. The Commission was dissatisfied with signatures not matching with signees' names. The auditors, on their part had concerns about making their signatures public and the related risk of forgery of signatures by criminals. After lengthy deliberations, the matter was referred to the auditors' regulatory body to issue guidelines which would address the concerns of the Commission before the submission of 2013 financial statements.

In a closing statement, the Director General of the SEC, Mr. Adu Anane Antwi encouraged auditors to play a watch dog role in protecting the interest of the investor. He advised auditors to help companies make good disclosures in their annual reports.

West African Capital Market Integration Council Meeting

The third meeting of the West African Capital Market Integration Council (WACMIC) was held in Abidjan, Cote d' Ivoire from November 30 – December 1, 2013 and chaired by Mr. Oscar Onyema of the Nigerian Stock Exchange.

Members were informed that the ECOWAS had pledged its support for the work of the WACMIC. Member countries represented then took turns to present their stock market reports as well as other capital market developments in their various jurisdictions. It was agreed that a Request for Proposal (RFP) be prepared and distributed among banks in the region to enable the Council select one Settlement Bank for all cross-border/ integrated market transactions. This was followed by the presentation and consideration of Technical Committee Reports by the two sub-committees of the Council, namely the Depository, Trading, Clearing and Settlement Committee (DTCSC), and the Legal and Regulatory Committee (LRSC).

The Council approved of a regulatory /minimum capital requirement of USD500,000 and USD1,000,000 for Broker-Dealers and Issuing Houses respectively. These are the only approved Capital Market Operators (CMOs) within the West African Capital Market Integration programme.

A presentation was made by the Chartered Institute of Stockbrokers, Nigeria to the Council. The presentation outlined a number of proposals for the training and certification of stockbrokers within the region which the Council agreed to evaluate. A motion to review the tenure of WACMIC officials from one year to two years with a renewable option was also adopted at the meeting.

WACMIC is made up of heads of Securities Commissions and Stock Exchanges in the West African sub-region.

Meeting with Market Operators to Discuss Levy

The Securities and Exchange Commission held a meeting with all its market operators during the last quarter of 2013 to discuss modalities for levying its operators to help support the operations of the Commission. The discussion was in furtherance of the passage of the draft Amendment Bill and to notify operators of their obligations thereunder.

1ST ACAMS/WIUC Panel Discussion Held

The Association of Certified Anti-Money Laundering Specialists, Miami (ACAMS) in collaboration with Wisconsin International University College, Ghana (WIUC) held the 1ST ACAMS/WIUC Panel Discussion in Accra on 27th November 2013.

Speaking at the function, the Director-General of the Securities and Exchange Commission (SEC), Mr. Adu A. Antwi said the SEC in its efforts to ensure compliance with Anti-Money Laundering laws and regulations has worked in collaboration with the FIC on the following:

- In accordance with section 6 (d) of Anti-Money Laundering Act, 2008 (Act 749) and regulation 38 of Anti-Money Laundering, 2011 (LI. 1987), the SEC has developed a comprehensive AML/CFT Compliance Manual to guide Capital Market Operators (CMOs) in their monitoring and surveillance activities in order to prevent, detect and respond appropriately to AML/CFT & PF risks. The said Manual was launched jointly by SEC and FIC on December 20, 2011.
- The SEC has worked with the Inter-Governmental Action Group against Money Laundering in West African (GIABA) to organize training for the Commission and its staff as well as CMOs in 2012. The main objective of the training was to enlighten SEC and CMOs on their specific roles in AML/CFT & PF Compliance.
- The SEC has organized a workshop on AML/CFT & PF compliance for Anti-Money Laundering Reporting Officers (AMLROs) of Capital Market Operators (CMOs) in September, 2013.
- The SEC has instituted an AMLRO Forum to help build the capacities of AMLROs in AML/CFT & PF Compliance.

He stressed that the SEC expects all CMOs to put in place the under listed measures in their efforts to fight the menace of Money- Laundering and Terrorist Financing:

- Board approved AML/CFT & PF Compliance Program
- Designation of AML/CFT & PF Compliance Officer(AMLRO)
- Risk assessment of products, services, customers, transactions and geographical locations
- Customer acceptance policy
- Customer Due Diligence (CDD) including the procedure to identify and verify clients.
- On-going employee training
- Independent audit testing for the adequacy of the AML/CFT & PF Compliance Program
- Record keeping including the development of a database on Politically Exposed Persons (PEP)
- Contingency Plan/Disaster Recovery
- Transaction monitoring procedures
- Review of customers account

The Head of Audit and Risk Management of the SEC, Mr. Emmanuel Mensah-Appiah and Manager, Risk Management of the SEC, Mr. Emmanuel Sakyi Appiah attended the programme.

FSB-RCG for Sub-Saharan Africa holds its 4th meeting in Mauritius

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for Sub-Saharan Africa held its 4th meeting in Mauritius on 22nd October 2013. Ghana is represented on the group by a Deputy Minister of Finance, the Governor of the Bank of Ghana (BOG) and the Director-General of the Securities and Exchange Commission (SEC). The meeting was attended by Dr.H. K. Wampah, the Governor of the BOG, Mr. Adu A. Antwi, the Director-General of the SEC and Dr. Benjamin Amoah, Head of Financial Stability of BoG. Key subjects discussed at the meeting were:

- Vulnerabilities and regional financial stability issues
- Shadow banking in Sub-Saharan Africa
- Reducing the mechanistic reliance on credit rating agencies
- The foundations of effective risk management: Risk governance, risk appetite frameworks and risk culture

The FSB-RCG for Sub-Saharan Africa serves as an important mechanism for countries in the region to exchange views on vulnerabilities affecting financial systems and on initiatives to promote financial stability. Through the RCG, the FSB is able to broaden the circle of countries that provide input to its deliberations, and thus to participate in the work of promoting international financial stability. More specifically, the RCG for Sub-Saharan Africa provides a framework for:

- interaction of FSB members with FSB non-members regarding the various FSB initiatives underway and planned;
- promoting implementation within the region of international financial policy initiatives; and
- sharing views on FSB initiatives and on other measures that could be taken to promote financial stability.



“Early Bird” for the Quarter

Mr. William Nii Armah Obli of the HR and International Relations Department has been adjudged the most punctual employee for the period October – December 2013. SEC congratulates him on being the “ Early Bird” for the quarter.

Training and Capacity Building of SEC Staff

IOSCO Annual Training Seminar

Two members of staff attended the 2013 Annual Seminar Training Programme of the International Organization of Securities Commission (IOSCO) in Madrid, Spain from 22nd to 25th October 2013. The programme sought to examine continuing issues, as well as newly emerging trends and challenges faced by today's securities regulators. Participants were instructed on the practical ways of disclosing, investigating and managing infractions in the market through case studies.

Seminar on Trading Book Issues and Market Infrastructure

Two members of staff attended an IOSCO Training Seminar on Trading Book Issues and Market Infrastructure with particular emphasis on Legal, Regulatory and Compliance Issues. The program which was jointly organised by IOSCO and the Financial Service Institute (FSI) was held from 20-22nd November in Madrid, Spain.

Participants were updated on the work of the Basel Committee on Banking Supervision in relation to trading book issues and market infrastructure, OTC derivatives markets, cross-border cooperation, detecting market manipulation, insider trading and financial fraud.

Regional Course on Implementation of Effective Risk Management and Good Corporate Governance Practices

Two (2) members of staff of SEC attended the Regional Course on Implementation of Effective Risk Management and Good Corporate Governance Practices, organized by the West African Institute for Financial and Economic Management (WAIFEM) and African Capacity Building Foundation (ACBF) from October 7 – 11, 2013 in Lagos, Nigeria.

The objective of the course was to update participants' knowledge and skills in the assessment and management of financial risks, as well as enhance their understanding of the

principles of good corporate governance practices.

The course identified three major causes of the global financial failure as:

- (i) Regulatory and supervisory failure in the advanced economies;
- (ii) Failure in risk-management in private financial institutions; and
- (iii) Failure in market discipline and mechanisms.

Annual Conference of the African Securities Exchanges Association

Three members of staff participated in the African Securities Exchanges Association (ASEA)'s 17th Annual Conference held in Cote d'Ivoire from the 1st to 4th December 2013. The conference discussed the fundamental role of stock exchanges in harnessing Africa's growth potential and identified ways to broaden and deepen Africa's capital markets through improved corporate governance and financial communications. The conference attracted delegates from over 23 securities exchanges in Africa, as well as executives from the investment community in Asia, Middle East and United States of America.

US SEC Training Program

The Deputy Director- General, Mr. Alexander Williams attended the US SEC's international training programme on Securities Enforcement and Market Oversight from November 18-22, 2013 in Washington DC. The program sought to expose participants to US Securities Laws and its enforcement program. Participants were trained to identify malpractices among market operators, investigate such malpractices and institute sanctions for those found liable.

During his visit, Mr. Williams held meetings with staff of the US SEC on further collaborations with Ghana's Securities and Exchange Commission.

Knowledge Bank

Questions and Answers on Saving

Q. What are some of the benefits of saving?

A. Some benefits of saving are:

- Saving ensures the safe keeping of your money.
- Saving preserves the value of your money to some extent against inflation as a result of interest earnings.
- Saving helps you to accumulate funds to meet your financial goals like buying a household item or a house or a car or meet future sudden need for cash.
- You are able to organize your finances properly when you save your money, as it puts a check on your spending.
- Ease of payment through the use of cheque books (for current accounts)
- The use of ATMs by savers makes saving convenient.
- Bank statements (on current accounts) can be used to prove your financial standing.

Q. What interest do I earn on my savings?

A. The interest paid on savings varied from one financial institution to another. Savings accounts attract higher interest than current accounts which normally attract interest only when a certain amount of savings is reached

Q. If I want a loan, can I use my savings as collateral?

A. Yes your savings can be used as cash collateral for a loan.

Q. Why should I save with only recognized financial institutions?

A. The operations of all recognized financial institutions are regulated by government agencies, therefore if you save with them, your money is protected against damage or loss or theft.

Q. What can I use to prove my identity if I want to open an account with a financial institution?

A. You can use any of the following as a proof of your identity: national ID card, voter ID card, passport, driving license, workplace ID card,

and school ID card.

Q. How can I prove my address if I want to open an account with a financial institution?

A. You can use any of the following as proof of address: electricity bill, water bill, telephone bill, property rate bill, a letter from your employer or school. Utility bills in the name of your landlord are acceptable as proof of your address.

Q. How do I pay in money into my account?

A. You must always go to your bank, savings and loans company or credit union and pay your money to an accredited officer after completing a pay-in-slip, a copy of which will be stamped and given to you by the accredited officer.

Q. How do I withdraw money from my account?

A. If you operate a savings account, you must go to your financial institution and collect the money from an accredited officer after completing and handing over a withdrawal form to the accredited officer. If you operate a current account you have to write a cheque which you can personally cash from your financial institution or ask someone else to cash. You can also withdrawal money from the ATM of your bank or any other ATM.

Q. Why do customers face delays when they want to withdraw money from their savings?

A. In most cases the times spent by customers do not represent delays, but are the times needed by the financial institutions to check thoroughly to ensure that the withdrawal request is being made by the customer and not by someone else. This is done to protect the customer's money.

Q. Do I have to know how to sign my name before I can operate an account?

A. No. You can use thumbprint in place of signature for cheques you issue and withdrawal forms you fill, but clearance of your cheque is made easy if you try and learn how to sign your cheques.

Q. What should I do if there is a change in my address?

A. You must always notify your financial institution if you change your postal or residential address so that it can always contact you.

Omega Equity Fund and Omega Income Fund Launched

Omega Capital Limited, an investment management and advisory company in Accra launched the Omega Equity Fund and Omega Income Fund in Accra on 2nd October 2023. The Omega Equity Fund is a long-term collective investment scheme with the objective of mobilising funds from the public for investment in shares of listed companies on the Ghana Stock Exchange and other organised markets globally. On the other hand, the Omega Income Fund is a medium-term open-ended mutual fund that seeks to achieve growth in income while conserving principal by investing in a diversified portfolio of fixed income securities.

The Director-General of the Securities and Exchange Commission (SEC), Mr Adu A. Antwi who was the guest speaker at the launch asked financial institutions in the country to expand their investment vehicles by creating more financial products in the market. He stressed that while the SEC sought to improve the demand side of the market, players in the field must also seek ways to improve the supply side of the market by creating new products that could be patronised by the investor community.

The Chief Executive Officer of Omega Capital Limited, Mr Nana Kumapremereh, said the two funds would provide opportunity for investors to grow their wealth in the medium to long term. According to him, collective investment schemes are the best ways to attract people in the lower income bracket to set aside money for their future needs. He indicated that investors can start with a minimum initial investment of GH¢50.00 and top-up their investments regularly.

EM Balanced Unit Trust Launched

EM Capital Partners Limited, an investment banking firm, launched the EM Balanced Unit Trust in Accra on 18th October 2013. The fund is an open-ended collective investment scheme which will pool funds from many investors (big and small) and invest them into a portfolio of high-yielding shares of blue-chip companies and a number of different fixed-income securities.

Speaking at the launch, the Director-General of the Securities and Exchange Commission (SEC), Mr. Adu A. Antwi said the introduction of Collective Investment Schemes (CISs) have created the necessary basis for a positive development in the mobilisation of savings and development of the capital market. He stressed the need for regulators and operators to collectively step up the education drive to educate investors on how to maximise their wealth using the capital market as an investment avenue.

The Director-General said the SEC has recently established a Child Finance Club, which is internet-based and targetted at pupils and students from upper primary to senior high schools. He said members of the club are to be educated on the importance of investing early in life and advised parents to encourage their children to join the club at www.childfinanceclubghana.org.

The Chief Executive Officer of EM Capital Partners, Mr. Mike Ashong said anyone who invests in the fund will enjoy the benefits of the high returns on the fixed-income market as well as the high returns on the equities market. This he said was because the money is going into a portfolio of securities where the smaller investors will be able to leverage the big investor's money and the diversified investment portfolio to get even better yields.

Capital Market Operators

Category of Licensed Operators	Number (End Sept 2013)	Number (End Dec 2013)	Change
<i>Broker-Dealers Only</i>	24	24	-
<i>Custodians</i>	18	18	-
<i>Exchange Traded Funds</i>	1	1	-
<i>Investment Advisors (Advisory Only)</i>	3	3	-
<i>Investment Advisors (Advisory & Fund Mgt.)</i>	80	90	10
<i>Issuing House</i>	1	1	-
<i>Mutual Funds</i>	20	20	-
<i>Primary Dealers</i>	15	15	-
<i>Registrars</i>	4	4	-
<i>Securities Depositories</i>	2	1	(1)
<i>Stock Exchange</i>	1	1	-
<i>Trustees</i>	3	3	-
<i>Unit Trusts</i>	14	16	2
	186	197	11

Enforcement Actions

During the quarter under review the following companies were sanctioned for various violations of the Securities Industry Law.

Company	Infringement	Penalty
Capital Assurance Company Ltd	Violations of various provisions of the Act	Suspension
CDH Asset Management Ltd	Late submission of returns	GH¢ 200.00
Cornerstone Capital Ltd	Late submission of returns	GH¢ 100.00
Databank Brokerage Ltd	Late submission of monthly and quarterly returns	GH¢ 300.00
Databank Brokerage Ltd	Late submission of management letter	GH¢ 2,900.00
GSE Securities Depository	Late submission of quarterly reports	GH¢ 1,100.00
HFC Investment Ltd	Late renewal of representatives licence	GH¢ 1,200.00
Serengeti Capital Ltd	Late submission of annual report	GH¢ 15,000.00
Sirius Capital Ltd	Late submission of Quarterly returns	GH¢ 100.00
Star Asset Management Ltd	Late submission of returns	GH¢ 100.00

Funds under the Management of Licensed Fund Managers

	End Sept 2013 (GHC)	End Dec 2013 (GHC)	% Change
TOTAL FUNDS	3,465,838,675.54 *	3,709,973,861.00	7.04%
- <i>CIS</i>	324,587,249.82	362,493,011.23	11.68%
- <i>Others</i>	3,141,251,425.72	3,347,480,849.77	6.57%

* End September, 2013 Total funds under Management should have read GH¢ 3,465,838,675.54 and not GH¢ 3,795,068,473.68 as stated in the July - September 2013 Edition of SEC News (Vol.#3 Issue3). The error is deeply regretted.

Approvals

During the period, the following approvals were given to various entities to operate as follows:

Company	License Category
Belstar Capital Ltd.	Investment Advisor
Cambridge Capital Advisors Ltd	Investment Advisor
Crystal Capital and Investment Ltd.	Investment Advisor
Jos Securities and Investment Management Ltd	Investment Advisor
KP Capital Partners Ltd.	Investment Advisor
Mak Asset Management Ltd	Investment Advisor
Met Capital Group Ltd.	Investment Advisor
NewCase Capital Ltd.	Investment Advisor
Regal Alliance Investments Ltd.	Investment Advisor
Tikowrie Capital Ltd.	Investment Advisor
Serengeti Capital Growth Trust	Unit Trust
Unisecurities Unit Trust	Unit Trust

Stock Market Statistics

	End Sept 2013	End Dec 2013	% Change
<i>Number of Listed Companies</i>	34	34	-
<i>Volume of Trades</i>	38,785,794	53,269,484	0.37 %
<i>Value of Trades (GH¢)</i>	49,589,740	154,360,671.80	2.11 %
<i>Market Capitalization (GH¢Million)</i>	56,430.09	61,158.29	0.08 %
<i>GSE-Composite Index</i>	2,030.96	2,145.20	5.62 %
<i>GSE-Financial Stock Index</i>	1,703.04	1,786.60	4.91 %

Performance Of Equities on the Ghana Stock Exchange

Name of Company	Closing Price(GH¢) Sept 2013	Closing Price(GH¢) Dec 2013	Gain / (Loss) (GH¢)
1. African Champion Ltd.	0.06	0.06	-
2. Aluworks Limited.	0.06	0.05	(0.01)
3. AngloGold Ashanti Ltd.	37.00	37.00	-
4. Ayrton Drug Manufacturing Ltd.	0.17	0.17	-
5. Benso Oil Palm Plantation.	3.80	3.21	(0.59)
6. Cal Bank Ltd.	1.09	0.97	(0.12)
7. Camelot Ghana Ltd.	0.16	0.16	-
8. Clydestone (Ghana) Ltd.	0.04	0.04	-
9. Cocoa Processing Co. Ltd.	0.02	0.02	-
10. Ecobank Ghana Ltd.	4.35	5.61	1.26
11. Ecobank Transnational Inc.	0.19	0.19	-
12. Enterprise Group Ltd.	1.90	1.88	(0.02)
13. Fan Milk Ltd.	6.37	6.62	0.25
14. Ghana Commercial Bank Ltd.	5.30	4.85	(0.45)
15. Ghana Oil Company Limited.	0.90	0.89	(0.01)
16. Golden Star Resources Ltd.	2.75	2.75	-
17. Golden Web Ltd.	0.04	0.04	-
18. Guinness Ghana Breweries Ltd.	5.45	6.20	0.75
19. HFC Bank (Ghana) Ltd.	0.65	0.96	0.31
20. Mechanical Llyod.Co. Ltd.	0.31	0.38	0.07
21. Pioneer Kitchenware Ltd.	0.06	0.06	-
22. Produce Buying Company Ltd.	0.18	0.17	(0.01)
23. PZ Cussons Ghana Ltd.	0.91	0.79	(0.12)
24. Sam Woode Ltd.	0.02	0.03	0.01
25. SG-SSB Limited.	0.85	0.75	(0.10)
26. SIC Insurance Company Ltd.	0.38	0.39	0.01
27. Standard Chartered Bank Gh. Ltd.	14.19	14.94	0.75
28. Starwin Products Ltd.	0.05	0.04	(0.01)
29. Total Petroleum Ghana Ltd.	5.08	5.06	(0.02)
30. Transactional Solutions (Ghana) Ltd	0.04	0.03	(0.01)
31. Trust Bank Ltd. (The Gambia)	0.35	0.35	-
32. Tullow Oil Plc.	31.15	34.98	3.83
33. Unilever Ghana Ltd.	16.78	18.31	1.53
34. UT Bank Ltd.	0.45	0.45	-

Securities and Exchange Commission

30, 3rd Circular Road, Cantonments, Accra

P. O. Box CT 6181, Accra

Tel: +233 (0)30 2768970 - 2

Email: Info@secghana.org

Website: www.secghana.org

Toll Free Line: 080010065