



ENSURING INVESTOR PROTECTION

SEC NEWS

OFFICIAL NEWSLETTER OF SECURITIES & EXCHANGE COMMISSION

4TH QUARTER (OCT. - DEC.) 2019



*Appointment Of Fund Managers
For 18 Collective Investment
Schemes*



*Inaugural Biennial West Africa
Capital Market Conference
(WACMaC)*



*4th Quarter Market Summary
Analysis & Highlights*



Key Market Statistics



*Infractions, Penalties and
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*"Successful investing is about managing
risk, not avoiding it"*
- Benjamin Graham





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At the end of last quarter (Q4) 2019, the Ghana Stock Exchange Composite index, the GSE-CI closed at 2,257.15 points from 2,204.79 points recorded at the end of third quarter 2019. This represents a -12.25% year-to-date (YTD) change compared to -14.28% YTD as at the end of third quarter (Q3) 2019.

EDITORIAL TEAM

- | | |
|-----------------------------|------------------------------|
| 1. Dr Jacob Aidoo | 5. Mrs Naomi Simpson |
| 2. Mr Emmanuel Ashong-Katai | 6. Ms Dorothy Yeboah-Asiamah |
| 3. Mrs Marian Afriye-Opoku | 7. Mrs Lilian Danso Affum |
| 4. Mr Frank Biney Donkor | 8. Mr Andy Anim |

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DESIGNED & PRINTED BY:



NOTICE TO THE PUBLIC

1. PUBLIC ADVICE

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

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

2. PUBLIC NOTICE

A) **UPDATE ON CLAIMS PROCESS FOR INVESTORS OF 53 FUND MANAGEMENT COMPANIES WITH REVOKED LICENCES. (NOTICE NO. SEC/PN/001/02/2020)**

The Securities and Exchange Commission (SEC) hereby issues this Notice pursuant to sections 3 and 209 of the Securities Industry Act, 2016 (Act 929) to all Investors (excluding Investors of Collective Investment Schemes) on claims for the 53 Fund Management Companies ("FMCs") with revoked licences.

SEC would like to thank Investors and all stakeholders for the successful completion of the submissions which commenced on 18th November 2019 and ended on 15th January 2020. Investors who are yet to receive acknowledgment of claims from SEC should note that acknowledgements are ongoing.

Two phases of the payment of claims are yet to commence. In the first phase, the amount promised and allocated by Government would be paid to investors after the validation of claims submitted.

The second phase, will be after a Court-appointed Official Liquidator realizes net proceeds upon successful winding-up proceedings in Court in relation to the affected Fund Managers' assets.

Further communication on when payments will commence will be made in due course.

Investors may send emails to SEC at helpdesk@sec.gov.gh or call this toll-free number **0800-100-065** for clarification.

ISSUED BY ORDER OF
THE SECURITIES & EXCHANGE COMMISSION (SEC)
DATED: February 11, 2020

B) APPOINTMENT OF FUND MANAGERS FOR 18 COLLECTIVE INVESTMENT SCHEMES. (NOTICE NO. SEC/CIR/001/01/2020)

The Securities and Exchange Commission (hereinafter referred to as “SEC”) is the statutory body mandated by the Securities Industry Act 2016 (Act 929) to promote the orderly growth and development of an efficient, fair and transparent securities market in which investors and the integrity of the market are protected.

In accordance with section 88 (6) of the Securities Industry Act, 2016 (Act 929), Boards of Directors (for Mutual Funds) and Trustees (for Unit Trusts) of 18 Collective Investment Schemes (CIS) whose Managers had their licences revoked were directed by the SEC on 15th November, 2019 to appoint new fund managers for the management of the CIS by 10th January, 2020 (an extended deadline), pursuant to SEC Notice **SEC/PN/018/12/2019**.

As at the date of this Circular, directors of 6 Mutual Funds have notified the SEC of the appointment of new managers as follows:

MUTUAL FUND	NEW FUND MANAGER
CDH Balanced Fund Limited	Linx Capital Limited
Sirius Opportunity Fund Limited	Waica Re Capital Limited
First Fund Limited	TTL Capital Limited
Heritage Fund Limited	TTL Capital Limited
Galaxy Balanced Fund Limited	OctaneDC Limited
Ideal Sika Fund Limited	IGS Financial Services Limited

The SEC has directed the above-mentioned managers to provide further particulars on their appointment as part of measures to take over managing their new portfolios and engaging the shareholders.

The Trustees and Directors of the following Mutual Funds and Unit Trusts have failed to appoint new fund managers as at the date of this notice:

1. All Time Bond Fund Limited.
2. Galaxy Money Market Fund Limited.
3. Gold Money Market Fund Limited.
4. Nordea Income Fund Limited
5. Omega Income Fund Limited
6. Omega Equity Fund Limited
7. Weston Oil and Gas Fund Limited
8. EM Balanced Unit Trust
9. Freedom Fund Unit Trust
10. Gold Fund Unit Trust
11. McTrust Unit Trust
12. UniSecurities Unit Trust

In accordance with Act 929, the SEC shall engage the respective trustees and directors, in the interest of investors in order to determine other possible courses of action for unitholders/shareholders of the unit trusts/mutual funds that were unable to meet the requirements of the previous Notice **SEC/PN/018/12/2019** and same communicated in due course.

Please channel any concerns through **info@sec.gov.gh** or call our toll free line **0800 100 065** for any further clarification.

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

ISSUED BY ORDER OF
THE SECURITIES & EXCHANGE COMMISSION (SEC)
DATED: January 17, 2020

C) TO ALL DIRECTORS OF MUTUAL FUNDS AND TRUSTEES OF UNIT TRUST MANAGED BY FUND MANAGEMENT COMPANIES WHOSE LICENCES HAVE BEEN REVOKED (NOTICE NO. SEC/PN/018/12/2019)

In accordance with **section 88 (6)** of the Securities Industry Act, 2019 (Act 929), **Boards of Directors** (for Mutual Funds) and **Trustees** (for Unit Trusts) of the 18 Collective Investment Schemes (CIS) whose Managers have had their licences revoked were directed by the Securities and Exchange Commission on **15th November, 2019** to appoint new Fund Managers for the management of the CIS.

As at the date of this circular, the Directors of two Mutual Funds have successfully appointed two Fund Managers as follows:

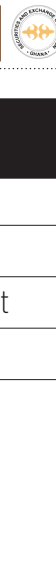
1. Linx Capital Limited replaces Intermarket Asset Management Limited (formerly CDH Asset Management Limited) as Fund Manager of CDH Balanced Fund Limited.
2. Waica Re Capital Limited replaces Sirius Capital Limited as Fund Manager of Sirius Opportunity Fund Limited.

In view of requests received by the Commission from some Boards and Trustees, the SEC hereby extends the deadline for the appointment of the new Fund Managers for the affected CIS to 10th January, 2019. All Directors and Trustees of the affected CIS should ensure that they comply with the new deadline.

ISSUED BY ORDER OF
THE SECURITIES & EXCHANGE COMMISSION (SEC)
DATED: January 17, 2020

APPENDIX A- LIST OF AFFECTED COLLECTIVE INVESTMENT SCHEMES

NO	NAME OF FUND MANAGER	MUTUAL FUND	UNIT TRUST
1	All Time Capital Limited	All-Time Bond Fund Limited	
2	Black shield Capital Management Limited (formerly Gold Coast Fund Management Limited)	Gold Money Market Fund Limited	Gold Fund Unit Trust
3	EM Capital Limited		EM Balanced Unit Trust
4	FirstBanc Financial services	First Fund Limited	
5	FirstBanc Financial services	FirstBanc Heritage Fund Limited	
6	Galaxy Capital Limited	Galaxy Money Market Fund Limited	
7	Galaxy Capital Limited	Galaxy Balanced Fund Limited	
8	Ideal Capital Partners Limited	Ideal Sika Fund Limited	
9	Liberty Asset Management Limited		Freedom Fund Unit Trust
10	McOttley Capital Limited		McTrust Unit Trust
11	Nordea Capital Limited	Nordea Income Fund Limited	



NO	NAME OF FUND MANAGER	MUTUAL FUND	UNIT TRUST
12	Omega Capital Limited	Omega Equity Fund Limited	
13	Omega Capital Limited	Omega Income Fund Limited	
14	Unisecurities Limited		Unisecurities Unit Trust
15	Weston Capital Limited	Weston Oil and Gas Fund Limited	



2. INTERNATIONAL UPDATES

WEST AFRICA CAPITAL MARKET CONFERENCE (WACMAC)

DOROTHY YEBOAH-ASIAMAH

Manager, International Relations and Board Secretary

The West Africa Securities Regulators Association (WASRA) in conjunction with the West African Capital

Market Integration Council (WACMIC) hosted the inaugural biennial West African Capital Market Conference (WACMaC) from October 27 – 29, 2019 in Abidjan, Cote d'Ivoire.

The Conference presented the West African sub-region and indeed Africa, the opportunity to address pertinent issues relating to the orderly growth and development of the regional and continental capital markets. The inaugural conference focused on infrastructure financing across the region and capital market integration.

The conference attracted the rich wealth of experience of regulators and operators in the capital market in and outside of the West African sub-region. Expert were organised in different panels to discuss issues in the capital market based on

their areas of strength.

The Conference commenced with the arrival of HEM. Daniel Kablan DUNCAN, the Vice President of the Republic of Cote de Ivoire as the Guest of Honor. The Vice President in his remarks indicated that the Conference would provide practical procedures for achieving the integration of the West African capital markets.

The objectives of the conference among others were:

- To promote the economic integration through the capital market in West Africa;
- To bring innovative solutions to reduce the gap between capital markets and the financial needs of the economy in the region;
- To increase awareness and capacity building around the benefits of regional integration for each stakeholder
- To identify key actions for capital markets' stakeholders to sustain economic growth; and
- To address critical issues related

to project financing sustainability and cross border issuers and market operators.

There was a one-day seminar with the theme *Regulating and Supervising Cross-border Transactions Towards an Integrated Capital Market in the ECOWAS Zone* which was strictly for the regulators, exchanges and depositories in the region prior to the two-day public conference.

There was also a Public Conference which featured six (6) Panel Sessions on the first day of conference and two Roundtables, and one interactive session with the member Commissions of WASRA on the second day.

In his opening speech, M. Daniel O. TETTEH, the Chairman of WASRA expressed his pleasure and honour to chair the historic maiden edition of WACMaC. He stated that the turnout of participants showed the general conviction that the potential benefits that would accrue to individual countries in the sub-region in an integrated market far outweighed what each country would be able



She launched the WASRA website with the address; www.wasra-amfao.org. She informed participants about the one stop resources available on the website, which included several materials on capital market integration programme and the link to various capital market regulators and resources.



to muster on their own individually. The Chairman noted that the journey towards the integration of the Capital Markets in West-Africa had been long and winding, punctuated by challenges including uneven macroeconomic fundamentals, uneven capital market development and regulatory framework and weak cross border payment systems infrastructure to mention a few.

He cited the example of the UEMOA which had brought the Francophone countries in the sub-region together with one trading platform, the BRVM serving eight countries. In addition, he highlighted the cross listing of securities of Ecobank Transnational Corporation across the three bourses in the sub-region, a venture that promoted the bank to be a true Pan-African Bank with strong multinational presence and challenging the might of existing colonial banks across the rest of Africa. The examples underscored the fact that a combined regional market could provide great capital-raising, investment as well as wealth creation opportunities for local companies and the people in the sub-region of West- Africa to experience economic growth and prosperity.

The Chairman recounted the challenges with cross border dealing and the emergence of the of West African Capital Markets Integration Council (WACMIC) and later the West Africa Securities Regulators Association (WASRA) as a panacea for progress, adding that the two bodies had been a game changer in the quest for integration of the capital markets in the sub-region.

The WACMIC proposed a 3-phase approach towards the goal of achieving integration in the capital market: Sponsored access; Direct access to qualified West African brokers; and Integrated West African Securities market.

Launching of WASRA website

The WASRA website was launch during the conference.

The Acting Director-General of the Nigerian Securities and Exchange Commission (SEC), Ms. Mary Uduk while launching the WASRA website, indicated that convening a regional conference of capital market Stakeholders that pooled the regulators, Securities exchanges and other industry players, together in the same space had been a compelling desire which had been achieved. She further observed that with globalization and increased connectivity of the relevant markets, as well as investors' quest for liquidity, market efficiency and lower transaction costs, it had become imperative that the ongoing conversations around initiatives aimed at integrating markets and improving regional competitiveness should be fast tracked.

Thereafter, she launched the WASRA website with the address; www.wasra-amfao.org. She informed participants about the one stop resources available on the website, which included several materials on capital market integration programme and the link to various capital market regulators and resources while also highlighting the multilingual nature of the website.

Highlights of Seminar presentations

*Presentation 1:
Capital Market Integration (CMI):
Where do we stand and future perspectives.*

*Presenter:
Abdoulaye Barry, Director, Financial
Integration Department, West
African Monetary Institute (WAMI)*

Summary of Presentation

The presentation defined financial integration as “a process through which financial markets in an economy become more closely integrated with those in other economies (neighbouring or region) or with those in the rest of the world (De Brouwer 2005). Greater regional financial integration was underpinned by the existence of well-developed financial markets and the enabling financial infrastructure elements. It was noted that the fundamental questions related to the level of preparedness of financial institutions, markets and existing financial infrastructure to support the financial integration.

As regards the West African Monetary Institute (WAMI), it was noted that the mandate was transformed from a monetary union program to a full economic and monetary integration program, and Financial Integration became one of the five (5) strategic pillars.

In the WAMZ, financial integration agenda was anchored on four (4) complementary policies: full capital account liberalization; cross-listing of stocks; regional currency convertibility/quoting and trading in the WAMZ currencies; harmonization of banking supervision practices; and cross-border payment systems. Capital Market Integration (CMI) was key to achieving a comprehensive economic integration. Though harmonization of rules was important, mutual recognition of nationals laws could be a starting point.

Furthermore, he reiterated the need for quoting and trading in Member States national currencies, adding that quoting and trading was currently being envisaged in the WAMZ. He also mentioned cross listing, which was a major deliverable of the WACMI as the easiest way to commence the integration of the regions’ markets. He concluded by

encouraging experts from academia, policy, and industry and other intellectuals to make proposals for developing a comprehensive agenda for advancing CMI in the ECOWAS sub-region.

Presentation 2:

Cross-Border Supervision and Regulations: The IOSCO’s Toolkit

Presenter:

Ms. Kris Nathanail-Brighton, IOSCO General Secretariat

Summary of Presentation

The presenter noted that the main objectives of regulation in the capital market included investor protection, reduction of systemic risk and ensuring market integrity. Further, she explained the traditional regulatory lifecycle to include Authorisation which was about the Assessment of applicant’s ability to operate in compliance with rules and assessment of the soundness (systems and controls, financial health) of firm and its key personnel. Supervision which dealt with continued oversight to ensure the applicant remained compliant with the rules was identified as the next phase of the cycle. Lastly, legal proceedings against the applicant for breaching rules when necessary.

The principles of good supervisory cooperation were that: Flexible to allow regulators adapt to changing market environments; Effective to ensure risks of arbitrage are mitigated; and Open to ensure disclosure of non-compliance without information solicitation. There were four mechanisms:

a. Ad-hoc cooperation
Regulators coordinated when necessary as the need arises, for specific issues. That may be via oral communication or exchange of letters. That allowed for flexibility to address specific issues without the need for delay to negotiate for formal agreements.

b. MOUs, cooperation agreements, exchange of letters
Stated the terms and conditions necessary for the sharing of regulatory information. It was based on the principles of mutual trust and reciprocity.

c. Supervisory colleges
Regulatory coordination in that regard focused on specific or identified market participants. Several regulators with direct regulatory interest in the firms may elect to form a group to monitor their activities. It was not based on location, but on the firms involved. The regulators in that instance elected to exchange classified information regarding such participants.

d. Regulatory networks
Regulators in this case expand the notion of supervisory cooperation to establish networks to consider and evaluate risks to domestic and global markets; rather than focusing narrowly on entity-specific oversight.

The best supervisory cooperation mechanism involves all four mechanisms mostly complimenting one another.

Further the presenter noted that over the past two decades, securities markets had become fully globalised. She added that firms’ operations had stretched across borders. She therefore stated that the development had affected national regulators as it can create incomplete information about the activities of firms under their purview, leading to risks of regulatory arbitrage. She then explained that good supervisory cooperation mechanisms should be: flexible to allow regulators to adapt to the changing environment; effective to ensure risks of regulatory or supervisory arbitrage are mitigated; and open to allow disclosure of non-compliant activities or operations without requiring explicit information solicitation.



*Presentation 3:
Principles regarding Cross Border
Supervisory Cooperation*

*Presenter:
Ms. Kris Nathanail-Brighton,*

Summary of Presentation

In the second part of the presentation, Ms. Kris Nathanail-Brighton reiterated that IOSCO remained International Standard Setting Body for Securities Markets. She added that IOSCO Principles were used by the IMF and over 100 jurisdictions, representing about 95.0 percent of the capital market had committed to IOSCO principles. Also, IOSCO Enforcement MoU was recognised as benchmark for international cooperation in the capital market.

Further, she highlighted the concept of deference which explained as an overarching umbrella concept that described reliance that authorities placed on one another when carrying out regulation or supervision of participants operating cross-border. She identified the need for deference to include: increase in cross-border business & Interconnectedness of global markets, differences in implementations of policies which could lead to market fragmentation; and market fragmentation can impact the resilience of financial markets. She noted that cross-border cooperation could mitigate those risks. She concluded by explaining the processes involve

in deference to include National Treatment (No exemption); National treatment (Exemptions available; partial recognition; full recognition and the final and more ambitious stage of pass porting.

*Presentation 4:
Market infrastructure in an era
of integration and Cross-border
transactions: available options*

*Presenter:
Karim Hajji – President of the African
Securities Exchange Association
(ASEA)*

Summary of Presentation

Stock Exchanges could bridge infrastructure financing gap, however the capital markets in the sub region were illiquid, fragmented and relatively underdeveloped to ensure the achievement of that objective. There were two available options for integration and cross-border transactions:

a. Capital market infrastructure integration

In a fully integrated market, all participants could engage in financial activities across borders in the same way as they do in their home countries. Fully integrated Europe, Latin America and Asia had achieved integrated market infrastructure.

African Exchanges Linkage Project

The African Exchanges Linkage Project (AELP) was a co-initiative by ASEA and the African Development

Bank (AfDB) to enable and facilitate cross-border trading and settlement of securities across participating exchanges in Africa. The goal was to boost Pan-African investment flows, promote innovations that supported diversification needs of investors in Africa, and help address the lack of depth and liquidity in Africa's financial markets.

Furthermore, he explained that the AELP would create linkages among seven (7) African capital markets that represent about 90.0 percent of Africa's market capitalization. These include: Nairobi Securities Exchange (NSE), Johannesburg Stock Exchange (JSE); Casablanca Stock Exchange (CSE); Nigerian Stock Exchange (NiSE); Stock Exchange of Mauritius (SEM); Egyptian Exchange (EGX); and Bourse Regionale des Valeurs Mobilières (BRVM).

*Presentation 5:
Payment, clearing and settlement
system in an era of integration and
cross-border transactions*

*Presenter:
Mr Abdoulaye Barry, Director,
Financial Integration, West African
Monetary Institute*

Summary of Presentation

Payments and settlements systems were an integral part of financial systems since most securities transactions generally involve the settlement of funds.



**West Africa Capital Market
Conference, 2019**

Positioning West Africa Capital
Markets to Achieve Sustainable and
Real Economic Growth Through
Integration and Sound Regulation

**October 27-29, 2019
Sofitel Ivoire, Abijan**

The presentation noted that the Real Time Gross Settlement System (RTGS) was a funds transfer system where transfer of money and securities took place from one bank to another or a 'real time' basis.

Settlement in real time meant payment transaction was not subject to any waiting period. It was used for large-value interbank transactions by central banks worldwide and can help minimize the risk to high value payment settlements across financial institutions. It was an essential tool for effective implementation of monetary policy and for the smooth running of the money and capital markets.

Options for regional payment and settlement systems

1. Multilateral netting system model

Establishes separate regional RTGS systems, clearing houses a regional switch to provide connectivity to the national payment systems of the member states for clearing and settlement of cross-border payments between countries. When multilateral netting was being used to settle invoices, all parties sent payments to a single netting centre which sends payments to parties that were owed. That was a way to pool funds in order to simplify the payment of invoices between parties to the arrangement.

2. Bilateral netting system model

Under this model, all payments between two parties were consolidated into a single pool, and all payments due to both parties were netted together so that only one net payment stream was made to one party in credit at the end of the period. That reduced accounting activity, complexity and fees associated with more trades and payments.

Efforts for the creation of a regional payment and settlement system:

The West African Clearing House (WACH) was established by ECOWAS in 1975 to serve as a bilateral payment facility to promote trade in West Africa. It however failed to meet its goal of multilateral clearing and settlement facility due to the economic challenges in its member states as well as change in foreign exchange policies. There was also lack of political will on the part of governments to implement the required protocols and agreements.

Other reasons for its failure include cumbersome documentation requirements, insufficient sensitization, and accumulation of huge arrears by participating central banks.

a. The WAMZ Payment System Development Project was established by the West African Monetary Zone (WAMZ) with funding from the African Development Bank (AfDB) to develop a framework for quoting and trading in national currencies. This project was successfully implemented in 2008.

b. Pan-African Payment and Settlement System (PAPSS) was designed by the Convergence Council of WAMZ as a private sector driven approach for cross-border clearing and settlement with Afrexim bank as clearing and settlement agent.

Its aim was to act as a payment and settlement platform with the participating Central Banks as co-clearing and settlement agents. The PAPSS was expected to go live in November 2019 and would facilitate capital market operations in the WAMZ. High value inter-bank payments would be covered by the PAPSS which would also play a major role in reducing cost and streamlining remittance services within Africa.



WACMIC was inaugurated at the ECOWAS Commission, as the governing body for the integration of West African capital markets on January 18, 2013 and the Charter adopted.





*Presentation 6:
Integrated markets initiative*


*Presenter:
Mr. Ekow Afedzie, Ag. Managing
Director, Ghana Stock Exchange*

Summary of Presentation


The West African Capital Market Integration (WACMI) is a regional integration program designed by the West African Capital Market Integration Council (WACMIC) in collaboration with the West African Monetary Institute (WAMI), WASRA and ECOWAS. He noted that the objective of the programme was to establish a harmonized regulatory environment for the issuance and trading of financial securities across the region. The programme also sought to establish a common platform for listing and trading of securities, and settlement of transactions, as well as increasing access to long term capital in West Africa.

He indicated that WACMIC was inaugurated at the ECOWAS Commission, as the governing body for the integration of West African capital markets on January 18, 2013 and the Charter adopted. The 1st Chairman was Mr. Oscar N. Onyema, OON (CEO, The Nigerian Stock Exchange) from 2013 to 2015, 2nd Chairman was Dr. Edoh Kossi Amenonve (CEO, BRVM) from 2015 to 2017 and 3rd Chairman was Mr. K. S. Yamoah (MD, Ghana Stock Exchange) from 2017, which has been replaced by the Ag. MD of the GSE, Mr Ekow Afedzie, upon the latter retirement.

Mr Ekow Afedzie provided the details of the WACMIC model of integration which was rolled out in three phases; Sponsored Access; Direct Access to Qualified West African Brokers (QWABs); and Integrated West African Securities Market (WASM). The objective of the Sponsored



***The West African
Capital Market
Integration (WACMI)
is a regional
integration program
designed by the
West African Capital
Market Integration
Council (WACMIC)
in collaboration with
the West African
Monetary Institute
(WAMI), WASRA and
ECOWAS. He noted
that the objective
of the programme
was to establish
a harmonized
regulatory
environment for the
issuance and trading
of financial securities
across the region.***



Access Rules was to enable dealer/brokers of the West African Stock Exchanges to participate in each other's market. Those Rules set forth the conditions under which such access could be granted and how the activities of dealer/brokers across the sub-region could be regulated.

Dealing Member Firms in the member countries would be able to trade securities and settle in markets other than theirs through Dealing Member Firms in the host markets. In the second phase which was the Qualified West African Brokers (QWABs), dealing members who qualify for and received approval and no-objection would be recognized by WACMI member, Securities Commissions, Securities Exchanges and Depositories. Those QWABs would therefore, be able to participate directly in the markets they wished to deal (trade) in across the West African jurisdictions.

Finally, the Phase 3 which was the Integrated West African Securities Market (WASM) was the virtual Exchange with one CSD where securities would be traded on a virtual Exchange. In each of the phases, he provided detail explanation of the various rules and documents that had been prepared for smooth operation of the programme. Some of those documents include: Full Dematerialization; Repatriation of Funds; Acceptability or Otherwise of Foreign held Securities as Collateral for Bank Credit; Pension Fund Investing across the Region; Proposed Tax Framework for WACMI; Enabling Framework for Dispute Resolution; among others.



3. KNOWLEDGE BANK

The Role of Credit Rating Agencies in Financial Markets

FRANK BINEY DONKOR
Manager, Policy and Research, SEC

Financial markets are all about the raising of capital and the matching of those who want capital (borrowers, issuers, sellers of financial instruments) with those who have it (lenders, investors, buyers of financial instruments). However, financial markets are made up of two major markets namely the money market and the capital market.

The Securities and Exchange Commission is mandated by law (Securities Industry Act, 2016 (Act 929) to regulate the capital market where longer term capital are raised. Sections 2 and 3 of Act 929 provides a list of regulated entities which includes credit rating agencies.

Credit rating agencies play a critical role in both domestic and global financial markets. These agencies assess the creditworthiness of issuers of securities or borrowers especially

where long term debt capital are raised.

The primary role of credit rating agencies is to evaluate the creditworthiness of debt instruments issued by corporates and other issuers of securities as well to evaluate the creditworthiness of the issuers.

Their job is to inform investors of the likelihood that an issuer will be able to pay the promised interest and principal payments.

In the modern world of public finance, governments increasingly depend on credit rating agencies to rate a country's ability to borrow from international capital markets. In well-developed capital markets, borrowers, investors and regulators depend on ratings supplied by rating agencies in the following ways;

- 1) Borrowers need credit ratings to assure access to capital and a reasonable cost of borrowing.
- 2) Investors use credit ratings to estimate potential losses associated with their debt investments and to evaluate potential risk and return

3) Regulatory bodies including central banks use credit ratings to establish capital adequacy requirements. In the United States, margin requirements can also depend on credit ratings. As a result of the above, the use of ratings for regulatory purposes has become established and widespread.

Rating agencies are going to remain major players in capital markets. The current level of uncertainty in the capital market increases their relevance. It is therefore very important that regulatory authorities should accelerate the establishment of rating agencies in Ghana to help in the development of the capital market.

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

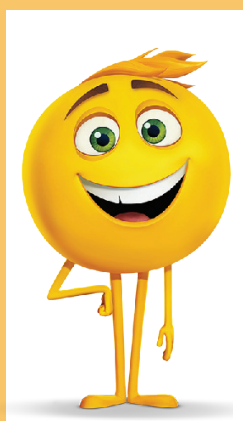


BRAIN TEASERS

1. A man wanted to encrypt his password but he needed to do it in a way so that he could remember it. He had to use seven characters consisting of letters and numbers only. In order to remember it, he wrote down "You force heaven to be empty." What is his password?
2. You live in a one storey house made entirely of redwood. What color would the stairs be?
3. You have a 3-gallon jug and a 5-gallon jug. You need to measure out exactly 7 gallons of water. How can you do it?
4. What makes more as you take them?
5. A man is looking at a photograph of someone. His friend asks who it is. The man replies, "Brothers and sisters, I have none. But that man's father is my father's son." Who was in the photograph??

Answers in the next issue

ANSWERS TO INVESTING QUIZ IN PREVIOUS ISSUE



- 1) B. Owning investments that react differently to market or economic events
- 2) B. An ownership stake in the mutual fund company
- 3) D. All of the above



4. ENFORCEMENTS

INFRACTIONS & PENALTIES; COMPLAINTS RECEIVED DURING THE FOURTH QUARTER

1.0 Infractions and Penalties

The following companies were sanctioned for various violations of the Securities Industry Act:

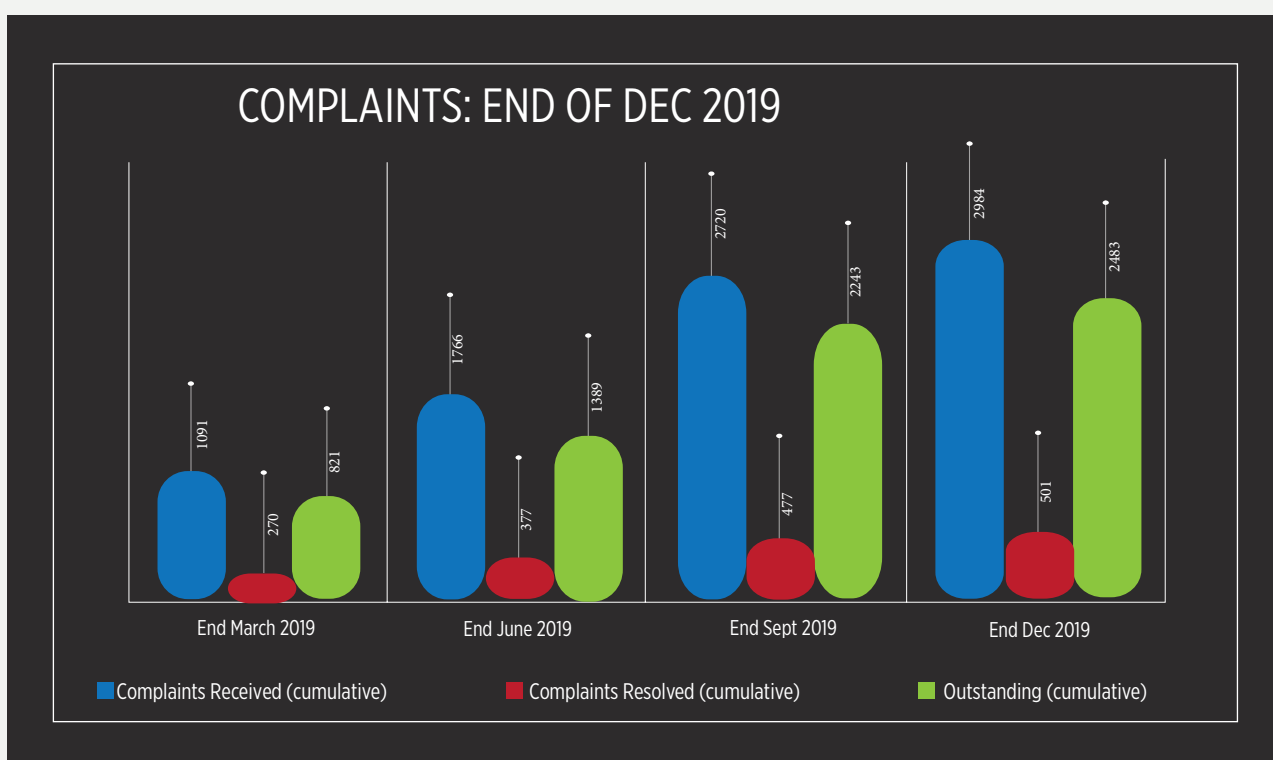
COMPANY	INFRINGEMENT	PENALTY (GH¢)
Liberty Securities Ltd	Operating without a license and for non-renewal of its three (3) representative licenses.	57,600.00
Blackshield Capital Management Limited (Formerly Gold Coast Fund Management Ltd)	Late submission of May 2019 Monthly returns	8,000.00
Blackshield Capital Management Limited (Formerly Gold Coast Fund Management Ltd)	Late submission of June 2019 Monthly returns	5,000.00
Blackshield Capital Management Limited (Formerly Gold Coast Fund Management Ltd)	Late submission of July 2019 Monthly returns	1,900.00
Blackshield Capital Management Limited (Formerly Gold Coast Fund Management Ltd)	Late submission of 2nd quarter returns 2019	4,400.00
Continental Capital Limited	Late submission of quarterly returns	2,900.00
Continental Capital Limited	Late Submission of 2018 Auditor's Management Report	22,400.00
First Atlantic Asset Management Company Ltd	Late notification of resignation of Representative	3,600.00
Reliance Capital & Asset Finance Ltd	Late Submission of 2018 Auditor's Management Report	19,300.00
CBL Investment Services Ltd	Late submission of 3rd Quarter 2019 Compliance Officer's Report	500.00
Capstone Capital Ltd	Late submission of November 2019 Monthly Returns	200.00



2.0 Complaints

Complaints received during the fourth quarter of 2019

PERIOD	COMPLAINTS RECEIVED (CUMULATIVE)	COMPLAINTS RESOLVED (CUMULATIVE)	OUTSTANDING (CUMULATIVE)
End Mar 2019	1,091	270	821
End June 2019	1,766	377	1,389
End Sept 2019	2,720	477	2,243
End Dec 2019	2,984	501	2,483



The above complaints were mainly related to:

- Non-payment of redemption requests.
- Non-payment of dividends.



5 FACTS & FIGURES

MARKET STATISTICS OFFERS & OTHER APPROVALS

MARKET STATISTICS

Table Q : Assets under Management (4th Quarter 2019)

AUM (GH¢)	End Dec, 2019	End Sept, 2019	% Change
Pensions	14,823,757,810.87	10,649,688,222.98	39.19
CIS	3,824,072,843.69	3,643,382,832.69	4.96
Other funds	6,543,892,216.93	15,143,915,181.58	(56.79)
Total (GH¢)	25,191,722,871.49	29,436,986,237.25	(14.42)

Offers and Other Approvals

List of firms licensed during the Fourth Quarter 2019

Name of Firm	Category
Fincap Securities Limited	Broker Dealer
Informed Holdings Limited	Broker Dealer
Sarpong Capital Markets Limited	Broker Dealer
Savvy Securities Limited	Broker Dealer

Offers, Approvals and Listings (Primary and Secondary Market)

List of Approvals

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

OFFER, LISTING AND BUSINESS COMBINATION APPLICATIONS			
APPLICANT	APPROVAL TYPE	APPROVAL DATE	OFFER SIZE
Controller ABS Ltd	Note Programme	24-Dec-2019	GH¢ 100M
Intravenous Infusion Plc	Listing of Additional shares	31-Dec-2019	GH¢ 1.56M

2. Note Tranches

APPROVAL OF NOTE TRANCHES				
ISSUER		TRANCHE NO.	AGGREGATE OFFER SIZE	SUBSCRIPTION (%)
1	ESLA Plc	E4	GH¢ 430.5M	100



CAPITAL MARKET STATISTICS AND ANALYSIS

1. Capital Market Operators as at end of Fourth (4th) Quarter 2019

	CATEGORY OF LICENSED OPERATORS	END DEC 2019	END SEP 2019	CHANGE
1	Broker-Dealers	29	25	4
2	Custodians	18	18	0
3	Exchange Traded Funds	1	1	0
4	Investment Advisers	10	9	1
5	Fund Managers	84	137	(53)
6	Mutual Funds	43	43	0
7	Primary Dealers	15	15	0
8	Registrars	4	4	0
9	Securities Depositories	1	1	0
10	Securities Exchange	2	2	0
11	Trustees	7	7	0
12	Issuing House	6	6	0
13	Unit Trusts	21	21	0
	TOTAL	241	289	(48)

2. Stock Market Statistics

Indicators	End Dec 2019	End Sep 2019	% Change
Number of Listed Companies (Main Market)	33	33	0.00
Number of Listed Companies (Ghana Alternative Market)	5	5	0.00
Volume of Trades (Equities)	21,131,266	72,838,234	(71.00)
Volume of Trades Cumulative (Equities)	3,816,967,510	3,741,439,252	2.02
Value of Trades (GH¢): Equities	16,834,824.65	58,293,201.54	(71.12)
Value of Trades Cumulative (GH¢): Equities	624,202,387.42	563,170,974.10	10.84
Market Capitalization (GH¢ million)	56,791.28	56,250.96	0.96
GSE- Composite Index (GSE-CI)	2,257.15	2,204.79	2.37
GSE- CI YTD Returns (%)	(12.25)	(14.28)	(14.33)
GSE- Financial Stock Index (GSE-FSI)	2,019.65	1,894.24	6.62



3. Performance of Equities on Ghana Stock Exchange

NO.	NAME OF COMPANY	CODE	CLOSING PRICE (GH¢) END DEC 2019	OPENING PRICE (GH¢) END SEPT 2019	CHANGE (GAIN/LOSS) (GH¢)
1	Access Bank Ghana PLC	ACCESS	5.00	2.55	2.45
2	Agricultural Development Bank	ADB	5.06	5.06	0.00
3	AngloGold Ashanti Ltd.	AGA	37.00	37.00	0.00
4	Aluworks Limited	ALW	0.10	0.10	0.00
5	Ayrton Drug Manufacturing Ltd.	AYRTN	0.08	0.08	0.00
6	Benso Oil Palm Plantation	BOPP	2.86	2.96	-0.10
7	Cal Bank Ltd	CAL	0.89	0.89	0.00
8	Clydestone (Ghana) Ltd.	CLYD	0.03	0.03	0.00
9	Camelot Ghana Ltd.	CMLT	0.09	0.09	0.00
10	Cocoa Processing Co. Ltd.	CPC	0.02	0.02	0.00
11	Ecobank Ghana Ltd.	EGH	8.09	7.96	0.13
12	Enterprise Group Ltd.	EGL	1.65	1.90	-0.25
13	Ecobank Transnational Inc.	ETI	0.08	0.09	-0.01
14	Fan Milk Ltd.	FML	4.12	5.09	-0.97
15	GCB Bank Ltd.	GCB	5.10	4.92	0.18
16	Guinness Ghana Breweries Ltd.	GGBL	1.69	1.80	-0.11
17	Ghana Oil Company Limited	GOIL	1.70	2.00	-0.30
18	Golden Star Resources Ltd.	GSR	9.50	9.50	0.00
19	Mega African Capital Ltd	MAC	5.98	5.98	0.00
20	Mechanical Lloyd Plc	MLC	0.09	0.09	0.00
21	Scancom PLC	MTNGH	0.70	0.69	0.01
22	PBC Ltd.	PBC	0.03	0.03	0.00
23	PZ Cussons Ghana Ltd.	PZC	0.38	0.39	-0.01
24	Republic Bank (Ghana) Ltd.	RBGH	0.56	0.55	0.01
25	Standard Chartered Bank Gh. Ltd.	SCB	18.40	16.76	1.64
26	SIC Insurance Company Ltd.	SIC	0.08	0.11	-0.03
27	Starwin Products Ltd.	SPL	0.02	0.03	-0.01
28	Societe Generale Ghana Limited	SOGEGH	0.72	0.62	0.10
29	Sam Woode Ltd.	SWL	0.05	0.05	0.00
30	Trust Bank Gambia Ltd	TBL	0.40	0.40	0.00
31	Total Petroleum Ghana Ltd.	TOTAL	3.00	2.89	0.11
32	Tullow Oil Plc	TLW	11.94	11.94	0.00
33	Unilever Ghana Ltd.	UNIL	16.40	16.70	-0.30
Ghana Alternative Exchange (GAX)					
34	Samba Foods Limited	SAMBA	0.55	0.55	0.00
35	Meridian Marshalls Holding Company	MMH	0.11	0.11	0.00
36	Hords Ltd	HORDS	0.10	0.10	0.00
37	Intravenous Infusions Limited	IIL	0.05	0.05	0.00
38	Digicut Production & Advertising Ltd	DIGICUT	0.09	0.09	0.00
Others (Depository and Pref Shares, ETFs)					
39	AngloGold Ashanti Depository Shares	AADS	0.41	0.40	0.01
40	Standard Chartered Bank Pref. Shares	SCB PREF	0.86	0.86	0.00
41	NewGold: Exchange Traded Fund (ETFs)	GLD	54.00	54.00	0.00

WHAT DO YOU KNOW ABOUT INVESTING ? TAKE A QUIZ



- 1** What is false diversification?
 - a. When all your investments move to different rhythms
 - b. When some of your investments are up while others are down
 - c. Owning a lot of investments that all move up and down together
 - d. When all your investments are bonds

- 2** Which of the following is a key difference between ETFs and mutual funds?
 - a. ETFs trade throughout the trading day while mutual funds trade once per day
 - b. ETFs are passively managed while mutual funds are actively managed
 - c. Mutual funds have managers while ETFs are unmanaged
 - d. There is no difference

- 3** What does it mean to short a stock?
 - a. To sell stock you don't own
 - b. To only pay for part of your stock purchase
 - c. To sell part of your losing position in a stock
 - d. None of the above

- 4** If you buy a company's bond...
 - a. You are liable for the company's debts
 - b. You can vote on shareholder resolutions
 - c. You own a part of the company
 - d. You have lent money to the company

Answers in the next issue



6 SUMMARY & HIGHLIGHTS

FOURTH QUARTER MARKET SUMMARY ANALYSIS/ HIGHLIGHTS

FRANK BINEY DONKOR

Manager, Policy & Research

EQUITY MARKET

At the end of last quarter (Q4) 2019, the Ghana Stock Exchange Composite index, the GSE-CI closed at **2,257.15 points** from **2,204.79 points** recorded at the end of third quarter 2019. This represents a -12.25% year-to-date (YTD) change compared to -14.28% YTD as at the end of third quarter (Q3) 2019.

At the end of the fourth quarter 2019, there are thirty-eight (38) equities listed on the GSE. Out of the thirty-eight (38) equities, thirty-three (33) of the stocks are listed on the Main trading platform of the GSE whilst the five (5) remaining stocks are listed on the Ghana Alternative Market (GAX) trading platform of the GSE.

During the period under consideration, eight (8) stocks appreciated in price, ten (10) stocks recorded price declines and the remaining twenty (20) stocks traded flat.

The total market capitalization recorded during the period under consideration was **GH¢ 56,791.28 million** compared to **GH¢ 56,250.96 million** at the end of September 2019. The rise in market capitalization could mainly be attributed to general increases in stock prices during the period under review. Volume and value of equities traded up to the fourth quarter of the year were **3,816,967,510**

shares and **GH¢ 624,202,387.42** respectively based on **17, 288** trade transactions.

Fixed Income/Debt Market:

At the end of fourth quarter 2019, the GSE had 112 debt instruments (bonds) listed on the GFIM. The debt securities listed are made up of 57 corporate bonds, 49 Ghana Government (GOG) bonds and 6 Eurobonds respectively. The value of Government listed debt securities (GOG), corporate debt and Eurobonds on the GFIM at the end of the fourth quarter 2019 were **GH¢ 65,160.74 million**, **GH¢ 7,967.70 million** and **\$8,750.00 million** respectively. In addition, the value of listed Corporate and GoG bonds in dollars were \$15million and \$221.40 million respectively.

Finally, the value of trades on the GFIM from January 2019 to the end of December 2019 was **GH¢ 54,360,920,213.00** compared to **GH¢ 62,511,819,227.00** at the end of the third quarter. However, the value of trades for the fourth quarter of 2019 amounted to **GH¢ 16,968,274,856.00**

Funds Management Industry:

In the Funds Management industry, the total assets under management (AUM) for the **last quarter** of 2019 was **GH¢ 25,191,722,871.49** which represented a **decrease of 14.42%** from the previous quarter. The total assets under management were made up of pension funds (**GH¢ 14,823,757,810.87**), collective investment schemes (CIS = **GH¢ 3,824,072,843.69**) and other funds (**GH¢ 6,543,892,216.93**) managed by Fund Managers.

**2,257.15
Points**

The points at which the GSE-Composite Index closed at fourth quarter 2019

**GH¢56,791.28
Million**

The total market capitalization recorded at the end of fourth quarter, 2019

**GH¢25,191,722,
871.49**

The total asset under management for the the fourth quarter of 2019



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