



SECURITIES AND EXCHANGE COMMISSION
Ensuring Investor Protection

**WELCOME ADDRESS BY REV. DANIEL OGBARMEY TETTEH, DIRECTOR-
GENERAL OF THE SECURITIES AND EXCHANGE COMMISSION, GHANA, ON
COMMERCIAL PAPER BREAKFAST MEETING**

Distinguished members of the panel, members of the investment fraternity, invited guests, ladies and Gentlemen.

I thank you for the opportunity given to me to share opening remarks at this auspicious breakfast meeting.

The Capital Market in Ghana has been an important addition to the financial intermediation space since 1990. It holds considerable potential to drive economic growth by pooling funds from surplus units and allocating these funds to support infrastructure development and drive investments in industries/sectors that stimulate economic prosperity, create job opportunities, and encourage the growth and development of the SME sector. Interestingly, many economic actors in Ghana, from individuals to households to institutions have not been able to tap into this humongous potential. Reasons for this would range from misconceptions about access requirements and cost implications to liquidity constraints and unavailability of products/instruments to a general malaise about diversifying funding sources away from the traditional money market.

In line with the mandate of the Securities and Exchange Commission (SEC) which is to regulate and promote the growth and development of an efficient, fair, and transparent securities market in which investors and the integrity of the market are protected, the SEC has developed a 10-year strategic roadmap to accelerate the development of our market.

The 10-year strategic roadmap dubbed the Capital Market Master Plan, launched in May 2021, has a vision of developing a deep, efficient, diversified, and well-regulated capital market with a full

range of products attractive to domestic and international investors. The CMMP which serves as a blueprint for developing the capital market in Ghana for the period 2020-2029, has 4 pillars:

- Pillar 1: Improving the diversity of investment products and liquidity of the securities market;
- Pillar 2: Increasing the investor base;
- Pillar 3: Strengthening infrastructure and improving market services; and
- Pillar 4: Improving regulation, enforcement, and market confidence.

The first Phase of the CMMP ended in December 2022 and the review we did indicate that 13 initiatives (39%) out of 33 initiatives were fully completed with the remaining initiatives at various stages of completion. It is important to note that the successful implementation of all the initiatives will require the concerted effort of several stakeholders and I wish to use this platform to solicit a massive response from all the various stakeholders. It is against this background that I wish to commend the organizers of this forum: Bentsi-Enchill, Letsa & Ankomah, Stanbic Bank and the Ghana Stock Exchange (GSE) for bringing us here to have discussions around introducing a commercial paper market to the suite of products available on the GSE.

The introduction of a commercial paper market falls squarely in the scope of Pillar 1 which is designed to increase the diversity of investment products and the liquidity of the securities market. The initiative will have multiple benefits when implemented. While companies that meet the eligibility criteria would be able to raise cost-effective capital, the CP market will also add to the variety of investment products/opportunities available to investors and provide an opportunity for investors to diversify their portfolios. Additionally, the creation of a trading platform for commercial papers will also facilitate the liquidity of the commercial papers enabling investors to quickly liquidate their investments when needed while creating a regulated and efficient market for corporates to issue commercial papers to raise much-needed shorter-term funds.

A successful CP market would certainly require robust Rules that provide the standards for transparency and adequate disclosures. I am happy to note that a lot of progress has been made in this regard with the GSE leading the charge to draft Rules to govern the issuance and trading of commercial papers on the Ghana Fixed Income Market. The SEC is making good progress with the review of the Rules and would communicate the feedback before the close of next week. Good

issuers with sound, well-run business models would also be needed as the incidence of defaults can hurt investor confidence in the CP market. I expect asset owners and managers of large pools of capital, such as the pension funds and collective investment schemes to come to the table when the CP market finally gets underway. I believe that this forum will allow for more in-depth discussions on critical success factors for the CP market.

Before I resume my seat, permit me to share a few thoughts on the issue of risk, given the risks we have encountered in the recent past and which still confront us today. There are many who would wish that risks do not exist in life while others would jump on a flight to safety in a heartbeat at the least sign of risk. The reality, though, is that risks exist in life. Someone has said that life is full of risks and is riskier if you do not take risk. Jerome F. Lederer, an American aviation safety pioneer, who was known as 'Mr. Aviation Safety', said that 'Risk management is a more realistic term than safety. It implies that hazards are ever-present, that they must be identified, analyzed, evaluated and controlled or rationally accepted'. The recent domestic debt exchange programme embarked on by the Government of Ghana revealed high levels of exposure to concentration risk by various asset owners, for instance. I suppose that those caught in those over-concentrated positions would be able to proffer some reasons/explanations but as Warren Buffet says, 'what we learn from history is that people don't learn from history'. May I humbly submit that each one of us must accept that the responsibility for risk management cannot be delegated or ceded to a third party. Make it your business to know what you are doing, and the risks entailed in that pathway.

The SEC, in addition to initiating the digitalization of its processes, has embarked on a project to migrate from a compliance-based supervision mode to a risk-based supervision framework. The transition to the RBS framework, together with other initiatives rolled out by the SEC including several Guidelines that have been issued, are expected to improve regulation of the industry, enforcement, and market confidence. I invite all and sundry to come on board to harness the exciting prospects the securities industry offers.

I welcome you all to this morning's breakfast meeting and wish you very successful deliberations.

God bless us all.