



SEC News

SECURITIES AND EXCHANGE COMMISSION GHANA QUARTERLY NEWS

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Forum for Listed Companies

During the month of July, the Ghana Stock Exchange held a forum for listed companies at the Alisa Hotel, Accra. The Director-General of the SEC, Mr. Adu A. Antwi presented a paper on "Improving Governance and Disclosure in the Capital Market". Other speakers at the forum were the Chairman of the Ghana Stock Exchange (GSE), Dr. Sam Mensah, the Managing Director of the GSE, Mr. Kofi Yamoah and Mr Patrick Kingsley Nyinah of Oak Partners,

The forum, was to share with senior officers of listed companies the importance of information to the market and its impact on share prices of the companies.

In his presentation, the DG urged listed companies to ensure timely flow of information to boost investor confidence and improve market efficiency. He added that poor governance and lack of information could lead to loss of investor confidence with negative consequences for market activities.

The Director-General discussed with participants issues including electronic reporting for faster and easy dissemination, disclosure of information and continuing listing obligations.

Mr Antwi asserted that most companies were failing to abide by the rules of disclosure because of weak corporate governance and lack of effective enforcement against defaulters and warned that the SEC is working to improve its enforcement and would sanction offenders.

He called on companies to establish a dedicated investor relations department and dedicated personnel charged with disseminating information to the public.

In his remarks Dr. Sam Mensah urged listed companies

to ensure that they keep the public informed about their operations in a timely manner and also comply with their listing obligations. He stated that a listed company is required to make immediate public disclosure of all material information concerning its affairs.

Mr Kofi Yamoah, Managing Director, Ghana Stock Exchange, said companies must ensure that investors have simultaneous and equal access to information to enable them make informed decisions.

He said proper dissemination of company information such as annual and quarterly reports, changes in board membership and appointments could be of benefit to all parties.

Mr Patrick Kingsley Nyinah of Oak Partners advised companies to use the Exchange as the first platform for the dissemination of information on their operations to the market while other outlets play a complementary role.

He said that the timely and structured dissemination of price sensitive information was very important for investors to arrive at a fair market valuation of a listed security.

Presentation to Chartered Accountants

The Director-General of the Securities and Exchange Commission, Mr. Adu Anane Antwi made a presentation to members of the Ga North District Society of the Institute of Chartered Accountants, Ghana at the Miklin Hotel, Accra on 11th July on the topic "Listing on the Ghana Stock Exchange: Procedures, Challenges and Benefits". The presentation provided useful insights to the members many of whom work with small and medium enterprises contemplating raising capital on Ghana's capital market.

Meeting of the Financial Stability Board Regional Consultative Group (FSB RCG)

The Financial Stability Board Regional Consultative Group for Sub-Saharan Africa met in Cape Town, South Africa on 25th September 2012. The meeting which was attended by the Director General of the Securities and Exchange Commission, Mr. Adu A. Antwi and Dr. Ben Amoah, Head of Financial Stability of the Bank of Ghana, (representing the Governor of the Bank of Ghana) discussed key financial sector reforms for Sub-Saharan Africa among other things.

Mr. Rupert Thorne (Deputy to the Secretary General, FSB) outlined the FSB's policy priorities in the region as follows:

- 1) Monitoring the implementation of Basel III in member countries
- 2) Extension of the framework for systematically important financial institutions
- 3) Over-the-Counter derivatives reform
- 4) Strengthening the regulation of shadow banking
- 5) Reducing the mechanistic reliance on CRA ratings
- 6) Restoring the credibility of LIBOR and other benchmarks
- 7) Enhancing disclosures by financial institutions

Common problems identified across the region included a shallow financial system in terms of products and access, low levels of lending to the private sector, high interest rate spreads, and a susceptibility to external shocks.

On the issue of resolution and cooperation, participants agreed that the region would benefit from greater integration and a deepening of its financial markets, enhanced coordination among the authorities and better sequencing of the implementation of rules and reforms.

Dr. Amoah delivered a paper on behalf of the Governor of the Bank of Ghana on reforms in the Ghanaian Financial Sector. He informed the meeting that there is currently a significant degree of interest by foreign banks to establish operations in Ghana. Given that, he said the Bank of Ghana is actively working to improve its approach to consolidated supervision, information sharing and assessments of external vulnerabilities.

The next meeting of the Group is planned for the first quarter of 2013.

While in South Africa, the Director General, at the invitation of AMC International of South Africa attended the Africa Fund Summit 2012 held in Johannesburg to deliver a paper on the topic "Global Issues In Private Equity Funds: A Regulatory Overview".

Capacity Building

A staff of the Commission attended the Pan African workshop for regulators of derivatives and commodities exchanges in Gaborone Botswana from 25th to 27th July 2012. The workshop was organised by the African Development Bank which also funded the program.

Two (2) staff of the SEC attended a course on "Financial Analysis Evaluation and Budgeting" from 5th – 10th August 2012 in London, UK. The course was aimed at equipping participants with the techniques of advanced Financial Statement Evaluation and effective budgeting for corporates.

A staff of the Commission attended a course for Corporate Legal Advisors and Chartered Company Secretaries organised by the London Co-operate Training Institute in London, UK from 6th August to 17th August 2012. A staff of the Commission attended a program on Work-

force, Planning and Job Evaluation held at RIPA International, London UK from 8th – 13th July 2012. The essence of the program was to help Human Resource Senior Managers enhance their skills and knowledge of workforce development planning and job evaluation and to be able to apply them in their organizations.

Two (2) staff of the SEC attended the International Program on Securities Market Operations in Mumbai-India from 10th – 14th September 2012. The program was organized by the Bombay Stock Exchange (BSE) Institute Ltd, a wholly owned subsidiary of the Bombay Stock Exchange Ltd. The program sought to expose participants to the workings of the financial systems in developing economies with a focus on India.

Ghana Investment Awards and Dinner

The second edition of the Ghana Investment Awards (GIA) which seeks to recognize excellence in the Ghanaian investment industry was held at the Africa Regent Hotel, Accra on July 7 under the theme “*Enhancing Investment Variety for a Competitive and Liquid Capital Market*”.

The event was organised by the Premier Networking Investment Club (PNIC), a business networking and investment club.

The Guest Speaker for the occasion was Mr. Adu Anane Antwi, the Director- General of the Securities and Exchange Commission. In his speech the DG noted that the awards served the dual purpose of measuring the performance of market operators, while at the same time helping the investing public to determine institutions which were best placed to cater for their needs. To facilitate the development of the capital market in Ghana, he made the following proposals:

- Government should institute a Capital Market Local Content policy which will require companies operating in specified sectors of the economy to float part of their shares on the Ghana Stock Exchange after five years of their operations. These sectors should include banking, insurance, mining, telecommunications, oil and gas, among others. The policy could be made a licensing requirement for such companies.
- Government should encourage state owned companies and statutory bodies to utilize the local bond market to raise capital for their operations. The Government should make it mandatory for such institutions to raise at least 25% of their loan requirement from the local bond market before sourcing for outside loans.
- Government should encourage well-resourced local government authorities like the Accra Metropolitan Assembly, the Kumasi Metropolitan Assembly and the Tema Municipal Assembly to issue municipal bonds to raise capital for their developmental projects.
- Government should consider financing the nation’s infrastructure needs with private sector capital through the issue of infrastructure bonds. To isolate borrowings for infrastructure from government debts, he suggested that government seeks partnership with international financial institutions to establish an Infrastructure Development Company which will issue infrastructure bonds to finance the nation’s infrastructure needs.

- Government should consider granting tax exemption on interest paid to individuals on listed bonds and dividends earned by individuals from listed equities. This will encourage individuals to invest in the capital market.

He appealed to market operators to expand their operations beyond the confines of Accra into the other regions and districts to help bring the capital market and its investment products to the doorsteps of all Ghanaians.

In all, 10 categories of awards were presented. The panel was made up of independent and experienced financial analysts with a good understanding of the industry.

Gold Award winners for the various categories were as follows:

- 1) Investment Advisor of the Year**, Gold Coast Securities Limited.
- 2) Broker- Dealer of the Year Award**, EDC Stockbrokers Limited.
- 3) Research Report of the Year**, Ecobank Research
- 4) Best Growing New Investment Firm**, IFS Capital
- 5) Money Market Fund of the Year**- First Fund (managed by FirstbanC Financial Services Ltd)
- 6) Balanced Fund of the Year**- HFC Future Plan Trust (managed by HFC Investments)
- 7) Equity Fund of the Year**- HFC REIT (managed by HFC Investments)
- 8) Best Performing Stock of the Year**- Produce Buying Company
- 9) Most Promising Investment Professional of the Year (Under 28 years)**- Derrick Asare-Mensah (SIC Financial Services Ltd.)
- 10) Fund Manager of the Year**- Genevieve Abban (managing HFC Future Trust)

A lifetime achievement award was given to Dr. Sam Mensah for his contribution to the industry.

Ghana Hosts Stakeholders' Forum On West Africa Capital Markets Integration.

On the 23rd & 24th August 2012, The West African Monetary Institute(WAMI) organised the stakeholders forum on capital markets integration in West Africa. The program was hosted by the Ghana Stock Exchange with support from the Financial Services Division of the Ministry of Finance at the La-Palm Beach Hotel in Accra.

Chaired by Mr. John H. Tei Kitcher, Acting Director General, WAMI, the forum was attended by more than 120 participants from a wide range of stakeholders, including the Stock Exchanges, Securities and Exchange Commissions, depositories in West Africa, Bourse Regionale Des Valuers Mobilieres(BRVM), WAMI, Central Banks of Ghana, Guinea, Nigeria and Sierra Leone, Ministries of Finance(Ghana and Sierra Leone), some selected stockbrokers and commercial banks.

In his welcome address, the chairman of the forum reminded the participants about the efforts that had gone into capital markets integration initiative in the past, especially since 2007, and how the global financial crisis and other circumstances caused the initiative to stall. He stressed that financial integration in the West African Monetary Zone (WAMZ) is a key pillar in the strategic plan of the West African Monetary Institute (WAMI) given the fundamental role of capital markets in economic development and regional integration.

He emphasized the importance of the key role of Nigeria as the largest market in the integration process and the readiness of WAMI to act as a facilitator on behalf of all stakeholders. He also reiterated the expectations of the forum to culminate in the setting up and official inauguration of the West Africa Capital Markets Integration Council (WACMIC), which would include but not limited to the DGs, MDs/CEOs of the various Securities & Exchange Commissions and Stock Exchanges,

In his opening remarks, Mr Adu Anane Antwi, Director-General SEC Ghana focused on the past futile efforts at engendering capital markets integration in West Africa. According to him, the sub-region could only boast of the various memoranda of understanding (MOU) between the Stock Exchanges and the regulatory authorities in the sub-region. These MOUs merely aligned efforts to deepen cooperation, promote mutual assistance, and facilitate the exchange of information and consultation between and among countries.

He said that while these areas of cooperation conform to the broad objectives of the International Organization of Securities Commission (IOSCO) which the sub-regional Exchanges and Securities & Exchange Commissions belong, regional cooperation is not enough; hence, more effort must be deployed to achieve the integration of the capital markets in West Africa. Mr. Antwi also called on ECOWAS and other sub-regional organizations to devote the necessary human and material resources to achieve this initiative.

Mr. Moses Isiaku, Acting Executive Commissioner, SEC Nigeria who represented the Director-General of SEC Nigeria also reiterated the issues that must be addressed for a sound transition to an integrated capital market in the sub-region. These include the need to harmonize legal framework, rules and standards governing financial transactions, strengthen corporate governance, and remove impediments such as large variance in exchange rate, inflation, fiscal policies etc., and institutionalize a well-coordinated clearing and settlement system.

He said also essential is the creation of a regional credit rating agency, common standards for all market operators and common financial reporting standard to strengthen corporate governance within the ECOWAS region. He concluded by proposing an opt-in approach such that countries that are ready will proceed first through bilateral arrangements based on established set of guidelines or framework, while other jurisdictions could undertake a more gradual approach and pursue integration initiatives as and when ready.

Deliberations on charting the way forward focused on the modalities for achieving the forum's objectives.

It was agreed that a Council and Technical Committee be constituted. The name of the Council shall be West African Capital Markets Integration Council (WACMIC), and the Council's task would be to take care of the implementation issues, such as policy and decision making, standard setting, validating all work done by the Technical Committee, co-coordinating with relevant stakeholders and governments as well as ECOWAS, UEMOA and WAMI.

Composition of the Council:

- DGs of SECs
- CEOs of Exchanges
- Observers: The Gambia, Guinea, Liberia,

ECOWAS, Central Banks

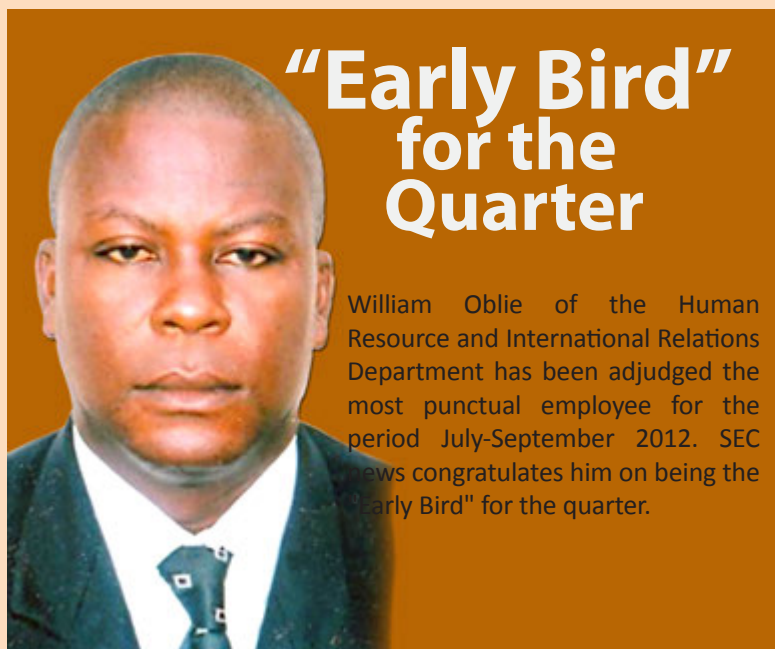
A Technical Committee was formed and its main task would be the review and standardization of the regulatory and operational framework for operators and regulators in the West African Securities Markets. Other tasks include: Harmonization of Stock Exchange rules, Depository rules; Clearing and Settlement rules; rules and regulations of Securities and Exchanges; relevant laws governing companies, tax, banking (FOREX), accounting standards and dispute resolution mechanism. Specifically, the Committee would review and harmonize:

- trading, Clearing and Settlement and Depository Systems (technology)
- Primary/Secondary Markets activities/procedures
- minimum standard for operators
- technology (minimum standard for technology)/open technology infrastructure

The forum set the following time-lines for Technical Committee.

By January 2014, the forum expects that some or majority of the task identified should have been achieved. However, in the short term, specifically by end-2012, the Council is expected to have been legitimized. To this extent therefore:

- Technical committee would meet in three months (Meeting dates will be announced)
- Charter/Agreement should be prepared and ready for a review before the next Council meeting.
- Charter/Agreement would be signed at the next Council meeting (Meeting date(s) will be explored and announced upon agreement. It was agreed, however, that it should be held by end-November 2012.



Stock Market Statistics

	End June. 2012 **	End Sept 2012	% Change
<i>Number of Listed Companies</i>	<i>34 (1 suspended)</i>	<i>34</i>	<i>-</i>
<i>Volume of Trades *</i>	<i>35,423,358.00</i>	<i>78,782,090.00</i>	<i>122.40</i>
<i>Value of Trades (GH¢) *</i>	<i>20,740,371.19</i>	<i>27,521,385.79</i>	<i>32.69</i>
<i>Market Capitalization (GH¢Million)</i>	<i>55,097.22</i>	<i>56,342.34</i>	<i>2.26</i>
<i>GSE-Composite Index</i>	<i>1,045.48</i>	<i>1,047.72</i>	<i>0.21</i>
<i>GSE-Financial Stock Index</i>	<i>899.86</i>	<i>883.43</i>	<i>-1.83</i>

* Total for the Quarter

**Please note that the figures shown in Volume 2 Issue 2 for volume of trades and value of trades were for only the month of June 2012 and not for the whole second quarter. The error is regrettable.

Funds Under the Management of Licensed Fund Managers

	End June 2012 (GHC)	End Sept. 2012 (GHC)	% Change
Total Funds	1,398,096,709.15	1,849,715,626.44	32.30%
- <i>CIS</i>	<i>224,366,640.80</i>	<i>272,607,273.95</i>	<i>21.50%</i>
- <i>Others</i>	<i>1,173,730,068.35</i>	<i>1,577,108,352.49</i>	<i>34.37%</i>

Market Guidance Notes

The Market Guidance Notes reproduced below was issued by the Commission during the period.

MARKET GUIDANCE NOTES

CIRCULAR NUMBER: SEC/CIR/004 /07/12

MARKET OPERATORS TO NOTIFY SEC OF EMPLOYEES ALLEGED TO HAVE ENGAGED IN MARKET MALPRACTICES AND OTHER RELATED OFFENCES

This Market Guidance Note is issued pursuant to Sections 9(b) of the Securities Industry Law, 1993 (PNDCL 333) as amended by the Securities Industry (Amendment) Act, 2000, Act 590 which empowers the Securities and Exchange Commission to maintain surveillance over activities in securities to ensure orderly, fair and equitable dealings in securities, and (d) which empowers the Commission to formulate principles for the guidance of the Securities Industry. It has come to the attention of the Securities and Exchange Commission that some employees of Market Operators have separated from their employers following allegations that they have engaged in any or a combination of the following acts, or such other related offences;

1. Misappropriation and or misapplication of funds
2. Fraud/ Embezzlement

For some of these persons, cases may have been lodged with the Law Enforcement Agencies and criminal investigations commenced.

The SEC is by this Circular directing that should an employee of a Market Operator be separated from his/her employer for any of the above, or related actions, the Market Operator should advise the SEC forthwith.

This is to ensure that persons of questionable character do not continue to operate in the capital market to the detriment of all other market operators.

SIGNED

ADU ANANE ANTWI
DIRECTOR-GENERAL

EFFECTIVE DATE : 11TH JULY, 2012

DISTRIBUTION ALL LICENSED OPERATORS
GHANA STOCK EXCHANGE

Knowledge Bank

Benefits of an ETF

i) Diversification

With an ETF, you get exposure to a broad range of assets across developed and emerging markets. ETFs are an effective and secure means of trading a basket of shares – index, sector or commodity – through a single transaction.

ii) Lower Costs

ETFs have a low fee structure because they aim to match the performance of an index (a passive fund). Actively-managed funds, such as some unit trusts and mutual funds aim to outperform the market so they buy and sell more often than index-tracking funds, and therefore tend to have higher transaction costs.

iii) Liquidity

ETFs are relatively liquid investments because they are easy to buy and sell. All ETFs have a Market Maker to ensure that liquidity is always maintained. If there is no willing buyer or seller at the other end of the trade, the Market Maker will always step in to be the missing counter-party. The market maker for the NEWGOLD ETF in Ghana will be the sponsoring broker, IC Securities Ltd.

iv) Convenience and Flexibility

ETFs are easily traded, with investors buying and selling ETFs like shares, typically through a stockbroker account. Investors can also invest in ETFs through investment plans with licensed financial services providers.

v) Transparency

As mentioned earlier, ETFs are designed to replicate the performance of their underlying index or commodity. Investors always know exactly what they are buying and can see exactly what constitutes the ETF (eg: the price of gold). In contrast, mutual funds tend to only disclose their top 5-10 holdings.

In addition, because ETFs respond to market movements on securities exchanges throughout the trading day, an investor can easily monitor the performance of his ETF.

Unit trusts, on the other hand, require the active attention of fund managers, therefore investors will not know when and at what prices the shares in their unit trust portfolios are being traded.

Risks Associated with ETFs

Although exchange traded funds (ETFs) are generally regarded as lower-risk investments, particularly over the medium to long term, they still carry the inherent risks of trading on a securities exchange. These include general market risks, inflationary risks, interest rate risks and exchange rate risks among others.

As with shares, the value of an ETF will rise and fall according to market changes. Therefore, depending on market movements during the investment period, an investor may not get back his full capital when he decides to sell.

Courtesy: Investopedia - www.investopedia.com
Absa Capital - Etf.absacapital.com

Enforcement Actions

During the third quarter of 2012, the following companies were sanctioned in accordance with the law for various violations of the Securities laws.

Company	Infringement	Penalty (GH¢)
NTHC Securities Ltd.	Operating without renewing License	7,800.00
Serengeti Capital Ltd.	Late submission of License renewal application	5,400.00
Zenith Bank (Ghana) Ltd	Late submission of Custodian License renewal application	3,000.00
Soroma Capital Ghana Ltd	Late submission of License renewal application	2,700.00
Vanguard Assurance Company Ltd	Late Submission of Trustee License renewal application	3,000.00
NDK Asset Management Ltd.	Late submission of License renewal application	6,600.00
Inter - Afrique Capital Ltd.	Late submission of License renewal application	6,600.00
Apex Capital Partners Ltd	Late submission of 2nd Qtr Financial Statements	1,200.00
Global Financial and Investment Ltd.	Late submission of 2011 Auditor's Long Form Report	800.00
Serengeti Capital Ltd.	Late submission of 2nd Qtr Financial Statements	1,900.00
Canal Capital Ltd.	Late submission of License renewal application	5,400.00
Merban Investment Holdings Ltd.	Late submission of 2011 Statutory statements	1,200.00
SIC- FSL Ltd.	Late submission of 2011 Statutory statements	2,800.00
SIC- FSL Ltd.	Late submission of License renewal application	6,600.00
HFC Ltd.	Late submission of License renewal application	12,600.00

Capital Market Operators

Category of Licensed Operators	Number (end June. 2012)	Number (end September 2012)	Change
Broker-Dealers only	10	10	-
Investment Advisors (Advisory only)	7	7	-
Investment Advisors (Advisory and Fund Mgt.)	56	56	-
Broker-Dealers and Investment Advisors	11	11	-
Trustees	3	3	-
Custodians	17	17	-
Registrars	4	4	-
Securities Depositories	2	2	-
Stock Exchange	1	1	-
Mutual Funds	17	17	-
Unit Trusts	16	16	-
Issuing House	1	1	-
TOTAL	145	145	-

Performance Of Equities on the Ghana Stock Exchange

Name of Company	Closing Price (GhC) (29th June 2012)	Closing Price(GhC) (28th September 2012)	Gain / (Loss) (GhC)
1. African Champion Indurtries Ltd.	0.08	0.08	0.00
2. AngloGold Ashanti Ltd.	34.00	37.00	3.00
3. Aluworks Ltd.	0.05	0.05	0.00
4. Ayrton Drug Manufacturing Ltd.	0.17	0.17	0.00
5. Benso Oil Palm Plantation Ltd.	1.69	1.49	(0.15)
6. Cal Bank Ltd.	0.29	0.32	0.03
7. Clydestone (Ghana) Ltd.	0.04	0.04	0.00
8. Camelot Ghana Ltd.	0.12	0.12	0.00
9. Cocoa Processing Co. Ltd.	0.02	0.01	(0.01)
10. Ecobank Ghana Ltd.	2.98	3.09	0.11
11. Enterprise Group Ltd.	0.28	0.30	0.02
12. Ecobank Transnational Inc.	0.14	0.12	(0.02)
13. Fan Milk Ltd.	1.93	2.86	0.93
14. Ghana Commercial Bank Ltd.	1.97	2.00	0.03
15. Guinness Ghana Breweries Ltd.	2.30	2.50	0.20
16. Ghana Oil Company Ltd.	0.49	0.55	0.06
17. Golden Star Resources Ltd.	2.75	2.75	0.00
18. Golden Web Ltd.	0.04	0.04	0.00
19. HFC Bank (Ghana) Ltd.	0.45	0.45	0.00
20. Mechanical Llyod Co. Ltd.	0.10	0.13	0.03
21. Poineer Kitchenware Ltd.	N/A	0.06	-----
22. Produce Buying Company Ltd.	0.24	0.17	(0.07)
23. PZ Cussion Ghana Ltd.	0.19	0.17	(0.02)
24. Standard Chartered Bank Gh. Ltd.	46.09	42.50	(3.59)
25. SIC Insurance Company Ltd.	0.33	0.36	0.03
26. Starwin Products Ltd.	0.04	0.04	0.00
27. SG-SSB Ltd.	0.46	0.49	0.03
28. Sam Woode Ltd.	0.02	0.02	0.00
29. Trust Bank Ltd. (The Gambia)	0.40	0.40	0.00
30. Total Petroleum Ghana Ltd.	19.43	18.00	(1.43)
31. Transactional Solutions (Ghana) Ltd.	0.05	0.05	0.00
32. Tullow Oil Plc.	38.50	38.06	(0.44)
33. Unilever Ghana Ltd.	8.30	8.30	0.00
34. UT Bank Ltd.	0.32	0.33	0.01

Securities and Exchange Commission

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