The Safety and Security of Ghana’s Financial Markets

2017 Capital Market Week

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Long term capital has been an important lever in facilitating economic development in many economies. Indeed, no economic powerhouse today has achieved their success only by relying on short term capital. This makes any discussion on capital markets both relevant and instructive as the capital market is a key source for the mobilization of long term capital.

There are a number of identifiable players in any capital market including the regulator and capital market operators such as exchanges, brokers, dealers, advisors, custodians, trustees, fund managers, depositaries and registrars to mention a few. Arguably, a well-functioning capital market will require that all the stakeholders deliver on their mandate to give the needed confidence to asset owners, both retail and institutional.

The theme for the Capital Market Week this year which is ‘The safety and security of Ghana’s Financial Markets’ is timely in view of some incidents that are raising legitimate concerns for asset owners. It is important to address and redress any issues that have the potential to gnaw away at the confidence of asset owners. A number of measures that can be used to boost the confidence of asset owners include education, access to information, deepened capacity of the regulator, a dynamic regulatory framework that is transparent and enabling, and well-heeled market operators with the requisite human and financial capital, not forgetting the need to maintain a stable macroeconomic environment.

It is my considered opinion that these are very exciting times to be part of the capital market in Ghana. I will tell you why I have this view in just a few sentences. Firstly, we now have The Securities Industry Act 2016 (Act 929) which provides some scope and flexibility for both the Regulator and Market Operators to among other things, expand frontiers and introduce emerging trends in global capital markets here in Ghana. Secondly, we have the key macro-economic indicators moving in the right direction and largely holding steady. Linked to this point is the fact that for the first time, we have three alumni of the securities industry holding key positions at the Ministry of Finance; namely the Hon. Minister of Finance, a deputy Minister of Finance and the head of the Financial Sector Division. Last but not the least, yours truly is ensconced as the Director General of the Securities and Exchange Commission. You can’t get it better than this!

But beyond the excitement, this must be a clarion call for capital market operators to step up to the plate and do what they do best. Capital market operators must put up their best behavior and also delight the market with innovative products. There will be no room for weak and wobbly operators in Ghana’s capital market. We will neither hesitate nor vacillate to clean the capital market of pretenders. This is the time to inject fresh capital to strengthen the ability of capital market operators to engage the requisite human capital and technology in product development and customer service delivery. We should see some real capital market activity distinct from the plain vanilla financial intermediation that deposit taking institutions typically offer. The new capital requirement of banks should hopefully trigger some capital market solutions. Beyond meeting capital market requirements, capital market operators should be able to pull banks into issuing capital market instruments. Our stock market must see more vibrant activity and market makers must show up. Credit rating agencies must spring up to provide an independent rating of issuers. All this will require well-trained and knowledgeable human capital. Capital market operators should be looking at recruiting the best and investing in them to keep them on the cutting edge. Continuous Professional Development is one of the things that we will insist on to keep your representatives qualified to operate in the market.

At the Commission, we are currently putting finishing touches to some guidelines that will eventually be issued as Regulations to the market. These include the following:

* The conduct of business (which has already been released to the market. Thank you to all who made time to look at it and send their comments).
* Corporate Governance
* Commodities Exchange and Warehouse Receipts
* Real Estate and Investment Trust (REITS)
* Financial Resources (including minimum capital required for market operators)
* Licensing requirements
* Anti-money laundering and countering Financing of Terrorism
* Rules for Private Funds (including Private Equity/Hedge Funds)

Some work has been done on these documents (with the help of some World Bank consultants in some cases) and are at various stages of completion. The plan, as always, is to pull the market along so we will share these drafts with you as and when they are ready for your comments and input. We do value your inputs and we are counting on your support to help us craft enabling regulations for vibrant capital market activity. Our expectation is that we will have all these guidelines finalized and ready to be issued by the end of first quarter 2018.

The new leadership at the Commission is committed to putting in place the necessary structures that will provide fillip to capital market activity in Ghana. Three key pillars that will undergird our strategy are Education, Enforcement and Market Development. We will also support the process to formalize the status of the Ghana Securities Industry Association as a Self-Regulatory Organization to complement the Commission in ensuring compliance and standardization where necessary. I wish to solicit the support of all market operators in our quest to achieve the safety and security of investments on Ghana’s capital market for the collective good.

Long live the GSIA!

Long live the capital market in Ghana!

God bless our homeland Ghana and make our nation great and strong!!