



“Ensuring Investor Protection”

SECURITIES AND EXCHANGE COMMISSION, GHANA

**CIRCULAR TO MARKET OPERATORS ON REGULATORY
SUPPORT TO MITIGATE IMPACT OF GOVERNMENT’S DOMESTIC
DEBT EXCHANGE PROGRAMME**

(CIRCULAR NUMBER: SEC/CIR/005/12/22)

1.0 PREAMBLE

The Securities and Exchange Commission (hereinafter referred to as “SEC”) is the statutory body mandated by the Securities Industry Act 2016 (Act 929) as amended by the Securities Industry (Amendment) Act 2021 (Act 1062), (hereinafter referred to as ‘the Act) 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. The SEC also has a mandate to maintain surveillance over activities in securities to ensure orderly, fair, and equitable dealings in securities and to protect the integrity of the market in accordance with Section 2 and 3 of the Act.

2.0 RECENT MARKET DEVELOPMENTS

The Government of Ghana launched a Domestic Debt Exchange Programme (DDEP) on 5th December 2022 which affects Government of Ghana bonds listed on the Ghana Fixed Income Market (GFIM). The Debt Exchange Memorandum has an indicative exchange period which expires on 19th December 2022. This Sovereign transaction is anticipated to impact market operators in a number of ways, including portfolio liquidity, operational revenue, client base, and growth prospects.

3.0 REGULATORY SUPPORT

The SEC is aware of the need for the DDEP as explained by the Ministry of Finance and the consideration that participation will enhance Government’s ability to attain a Debt to GDP ratio of 55% by 2028 among other benefits to the economy. The SEC appreciates the importance of a stable macroeconomic environment to the growth and development of Ghana’s capital market and is therefore supportive of Government’s efforts to stabilize Ghana’s economy and the fiscal position with

the proposed initiative. Pursuant to the above, the SEC proposes to support the market with the following reliefs amongst others:

- i. Regulatory capital forbearance for Market Operators whose capital may be impaired because of the Domestic Debt Exchange Programme.
- ii. Market Operators who participate in the programme and require some forbearance regarding full compliance to certain regulatory requirements in the Conduct of Business Guidelines, Licensing Requirement Guidelines, the Investment Guidelines for Fund Managers, and other regulatory requirements may apply accordingly to the Commission.
- iii. The SEC shall intervene further with other measures where it becomes necessary.

In addition, Market Operators that participate in the programme shall have access to the Financial Stability Fund, when established, as a last resort for liquidity needs.

The SEC further notes that the Domestic Debt Exchange Programme has affected the normal functioning (price discovery) of the secondary market for the trading of bonds and may lead to difficulty/delays in the ability of some Market Operators to sell their bonds to meet redemption requests. Market Operators are expected to notify the Commission of any such occurrence in accordance with LI 1695 (Regulation 26, sub-Regulation 5).

Investors are hereby advised to remain calm and exercise restraint until the restoration of normalcy in the secondary market for the trading of bonds when the DDEP is completed. Market Operators are advised to engage their clients/investors to explain the relevance and impact of the DDEP on the performance of their investments.

4.0 REGULATORY FORBEARANCE NOT TO COMPROMISE SUPERVISION

The regulatory forbearance above-mentioned extended to market operators pursuant to the Securities Industry Act 2016 (Act 929) as amended and within the context of the DDEP launched by the Government of Ghana shall not undermine the SEC's supervisory oversight over the securities industry.

5.0 OTHER REGULATORY RELIEFS

Other regulatory reliefs or exemptions may be considered by the SEC in the light of new and unanticipated developments in the market.

6.0 REVOCATION, VARIATION OR REVISION

The SEC reserves the right to revise, amend, modify, vary or revoke this Circular where necessary.

7.0 INTERPRETATION

Where any doubt arises about any provision contained in this Circular, the same shall be referred to the SEC and the interpretation provided by the SEC shall be final.

8.0 COMMENCEMENT

The contents of this Circular shall take effect on the date of its issue and shall remain in force until otherwise revised, varied, amended or revoked.

The SEC wishes to assure all investors and the general public that it is committed to ensuring rigorous enforcement of all the rules for players in the capital market, in order to ensure an efficient, fair and transparent securities market in which investors and the integrity of the market are protected.

This Circular is issued pursuant to **section 2, 3(e)(i)(m), 208(c) and 209 of the Securities Industry Act, 2016 (Act 929) as amended.**

**ISSUED BY ORDER OF
THE SECURITIES AND EXCHANGE COMMISSION**

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