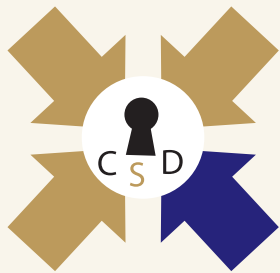


# ANNUAL REPORT



CENTRAL  
SECURITIES  
DEPOSITORY  
*You invest, we protect*



2015



CENTRAL  
SECURITIES  
DEPOSITORY  
*You invest, we protect*

20  
15

ANNUAL  
REPORT &  
FINANCIAL  
STATEMENTS

# CONTENTS

<b>VISION &amp; STRATEGIC OBJECTIVES</b>	<b>v</b>
<b>Notice of Annual General Meeting</b>	<b>vi</b>
<b>1.0 CORPORATE INFORMATION</b>	<b>1</b>
<b>2.0 PROFILE OF THE BOARD OF DIRECTORS</b>	<b>2</b>
<b>3.0 MANAGEMENT</b>	<b>5</b>
<b>4.0 CORPORATE GOVERNANCE</b>	<b>6</b>
<b>5.0 RISK MANAGEMENT FRAMEWORK</b>	<b>11</b>
<b>6.0 CHAIRMAN'S STATEMENT</b>	<b>14</b>
<b>7.0 CHIEF EXECUTIVE OFFICER'S STATEMENT</b>	<b>17</b>
<b>8.0 2015 ACTIVITIES</b>	<b>20</b>
8.1 Staff Matters	20
8.2 Information Security Management System (ISMS)	20
8.3 Market Training	20
8.4 Public Education and Awareness of the Role of CSD in Ghana	21
8.5 Update on the CSD System Upgrade and Data Migration	21
8.6 Review of Existing Rules and Procedures of the CSD	21
8.7 Clearing and Settlement Issues	21
8.8 User Group Meetings	21
8.9 Corporate Social Responsibility (CSR)	22
8.10 Membership of CSD in International Organisations	22
8.11 Changes in Settlement Cycle for Fixed Income Securities	22
8.12 On-going Activities	22
8.13 Future Plans	23
<b>9.0 MARKET PERFORMANCE (STATISTICS)</b>	<b>24</b>
9.1 Depository Participants (DPs)	24
9.2 Lists of Depository Participants (DPs)	24
9.3 Clients Registration – Investors' Accounts Opened	26
9.4 PRIMARY MARKET ACTIVITIES	27
9.4.1 Issued Securities in the Debt Market	27
9.4.2 Number of Debt Securities issued	28
9.4.3 Additional Issues by Government of Ghana	28
9.4.4 Debt Securities Issued by Corporate Organisations	28
9.4.5 Interest (Coupon) Rates on Government of Ghana Securities Issued in 2015	29
9.4.6 Market Share of Outstanding Debt Securities per Issuer	30
9.4.7 Composition of Outstanding Debt Securities as at the end of Dec., 2015	31
9.4.8 Holdings of Investors in Debt Securities	32



9.5	SECONDARY MARKET ACTIVITIES	34
9.5.1	Corporate Action (Interest and Maturity Payments)	34
9.5.2	Over-the-Counter (OTC) Trades/ Pre-Negotiated Trades for Debt Securities	36
9.5.3	Distribution of OTC Trades between Domestic and Foreign Investors	37
9.5.4	Repurchase Agreement (Repo)	38
9.5.5	Repo Rates	39
9.5.6	Pledges	39
9.6	EQUITY	40
9.6.1	Volume of Shares in the Depository	42
9.6.2	Market Turnover	42
9.6.3	Registry Services in 2015	43
<b>10.0</b>	<b>GLOSSARY</b>	<b>46</b>
	<b>FINANCIAL STATEMENTS</b>	<b>47</b>



## TABLES

Table 1: Depository Participants (DPs)	24
Table 2: Number of Investors' Accounts Opened	26
Table 3: Securities Issued by GoG, BoG and Cocoa Board, 2015	27
Table 4: Number of Debt Securities Issued, 2015	28
Table 5: Value of Corporate Securities (Bonds) Issued in 2015	29
Table 6: Market Share of Outstanding Securities per Issuer, Dec., 2015	30
Table 7: Distribution of Outstanding Debt Securities as at Dec., 2015	33
Table 8: Corporate Action (Maturity and Interest Payments)	35
Table 9: Over-the-Counter (OTC) Trades/ Pre-Negotiated Trades for Debt Securities	36
Table 10: Distribution of OTC Trades between Domestic and Foreign Investors, 2015	37
Table 11: Volume of Shares Held in the Depository, Dec., 2015	41
Table 12: Volume and Value of Equity Trades	42
Table 13: Sectorial Distribution of Shares Traded in 2015	43
Table 14: Dividends Payments for 2015	44

## GRAPHS

Graph 1: Number of Investors' Accounts (Debt Securities)	26
Graph 2: Market Share of Issued Debt Securities per Issuer, 2015	27
Graph 3: The weighted average interest rate (% P.A.) on notes and bonds issued by the Government	29
Graph 4: Weighted Yearly Average Interest Rates (% P.A.) for GoG Securities, 2014 & 2015	30
Graph 5: Market Share of all Outstanding Debt Securities per Issuer at the end of Dec, 2015	31
Graph 6: Composition of Outstanding Debt Securities, Dec., 2015	31
Graph 7: Composition of Outstanding Debt Securities, Dec., 2015	32
Graph 8: Market Share of Domestic and Foreign Investors Holdings in Outstanding Debt Securities	32
Graph 9: Maturity and Interest Payments for Debt Securities, 2015	34
Graph 10: Market Share of Interest and Maturity Payments Paid per Issuer in 2015.	34
Graph 11: Over-the-Counter Trades for Debt Securities, 2015	37
Graph 12: Distribution of OTC Trades (Sold by Domestic and Foreign Investors), 2015	38
Graph 13: Distribution of OTC Trades Purchased, 2015	38
Graph 14: Repurchase Agreement (Repo)	39
Graph 15: Weighted Average Monthly Repo Rates, 2014 & 2015	39
Graph 16: Value of Pledge Transactions	40
Graph 17: Volume of Shares Traded	42
Graph 18: Value of Shares Traded	43





## VISION

To be a leading global provider of efficient and reliable post trade services playing a pivotal role in the financial market in Ghana.

## STRATEGIC OBJECTIVES

1. To provide secure and efficient post trading services operating under international best practice to all participants and customers.
2. To drive forward development in the market through collaborative and open dialogue with financial market participants and stakeholders.
3. To be a well-run, professional and profitable organisation.
4. To be a thought-leader in the securities market

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 4th Annual General Meeting of Shareholders of Central Securities Depository (Gh) Ltd (CSD) will be held at the Conference Room of CSD, 4th Floor, Cedi House, Liberia Road on Friday, April 29, 2016 to transact the following business:

## Ordinary Business

1. To receive the Chairman's Statement and the Chief Executive Officer's Statement
2. To consider and adopt the financial statements of the Company for the year ended 31st December, 2015, together with the Auditor's Report thereon.
3. To declare the final dividend
4. To approve Directors remuneration.
5. To authorise the Directors to fix the remuneration of the Auditors.
6. And any other business transacted at the meeting and otherwise instructed in the paragraphs above, the Proxy will vote as he/she thinks fit.

By Order of the Board

Faustina Coleman-Forson  
Company Secretary

### Note:

A member of the Company entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of him. A proxy need not be a member. A proxy form is attached to the Annual Report. For it to be valid for the purpose of the meeting it must be completed and deposited at the offices of the Company Secretary, Central Securities Depository (GH) Ltd., CT 465 Cantonments, 4th Floor Cedi House, Accra, Ghana not later than 10.00am on Friday, April 22, 2016.

## 1.0 CORPORATE INFORMATION

### BOARD OF DIRECTORS

Dr. Henry A. K. Wampah	Chairman
Dr. David O. Andah	Member
Mr. Franklin Asafo-Adjei	Member
Mrs. Caroline Otoo	Member
Mr. Kofi S. Yamoah	Member
Mr. Ekow Afedzie	Member
Mr. Kwame Adutua-Amakye	Member
Mrs. Kokui Adzo Adu	Member
Mr. Daniel Kobla Glymin	Member
Mr. Stephen Tetteh	Member (Chief Executive Officer)
Mrs. Melvina Amofo	Member (Deputy Chief Executive Officer)

### SECRETARY

Ms. Faustina Coleman-Forson

### REGISTERED OFFICE

Central Securities Depository (Gh) Limited  
4th Floor, Cedi House, Liberia Road  
PMB CT 465 Cantonments  
Accra, Ghana

### AUDITORS

Ernst & Young  
Chartered Accountants  
P. O. Box KA 16009, Airport  
G15, White Avenue  
Airport Residential Area  
Accra, Accra

### BANKERS

Bank of Ghana  
Ecobank Ghana Limited

### LEGAL ADVISER

Legal Department of Bank of Ghana





## 2.0 PROFILE OF THE BOARD OF DIRECTORS

**Dr. H. A. K. Wampah** holds a Ph.D. in Economics with specializations in Econometrics and Public Finance. Dr. Kofi Wampah held various teaching appointments with McGill University, Institute of Statistical, Social and Economic Research (ISSER), University of Ghana, Legon in the areas of economic statistics and mathematics. He was the Head of Research Department, Bank of Ghana up to 2001. He also worked with the International Monetary Fund, Washington, DC, as a Special Appointee in 1998 where he worked with the Monetary Operations Division of the Monetary and Exchange Affairs Department. Between 2001 and 2009, he was the Director of Research at the West African Monetary Institute. He was appointed first Deputy Governor of Bank of Ghana in April, 2009 and became the substantive Governor in April, 2013.

**Dr. David O. Andah** holds a Ph.D. in Agriculture and is an experienced banker with an agricultural background. For 25 years, he worked with banks, handling, for the most part, rural and microfinance schedules and also credit guarantee schemes. His membership of Boards includes; Bank of Ghana (2010 to date), Central Securities Depository (2010 to date), Commissioner, National Development Planning Commission (2010 to date), and Executive Committee member of the Ghana Microfinance Institutions Network (2012 to date).

**Mr. Kwame Adutua-Amakye** is a professional engineer with over 28 years' experience encompassing engineering management, installation and maintenance, communication network planning, design and implementation, lecturing, ICT Training and consultancy. He holds a BSc. in Electrical/Electronic Engineering and a Master of Engineering in Signal and Information Processing.

**Mrs. Caroline Otoo** holds an LLB (Hons), BL and Advanced Diploma in Legislative Drafting. She is currently an Assistant Director and Secretary to the Bank of Ghana. Prior to her current appointment at Bank of Ghana, she served as the Head of the Legal Department of the Central Bank.

**Daniel Kobla Glymin** is a private legal practitioner. He has over twenty years' experience in company secretarial, commercial and corporate practice. He currently manages

Glymin & Company, a law firm in Accra. Mr. Glymin previously worked as an associate at Fugar & Company, a law firm in Accra. He later joined Pannell Kerr Forster as legal advisor and head of the Company Secretarial Department. He is a member of the Honourable Society of the Middle Temple, London, as well as a member of the Institute of Directors, Ghana. He previously served on the Board of directors of Databank Epack Investment Fund, and is currently the chairman of the Advisory Board of Kinderparadise, a children's home based in Prampram.

**Mrs. Kokui Adzo Adu** is successful Data Analyst and Financial Management Professional with over twenty years' experience in planning and financial Management in the public sector. She holds a Master of Business Administration (MBA) in Finance (Double Concentration in Corporate Financial Management and Investments and Financial Services Management).

**Mr. Franklin Asafo-Adjei** is the former Deputy Managing Director (Finance and Admin) of SIC Insurance Company Ltd., is a Chartered Accountant (FCCA, CA, Ghana) and holds a B.Sc. Admin. (Accounting) and an MBA (Finance) degrees from the University of Ghana Business School. His professional exposure includes Public Accountancy Practice and in Industry, spanning a period of over twenty years in the United Kingdom and Ghana. He previously served on the Board of Directors of SIC Insurance Co. Ltd., HFC Bank Ltd., Merchant Bank (Ghana) Ltd. and SIC Financial Insurance Company Ltd. He is currently a Board Member of Bedrock Venture Capital Finance Company Ltd. and a Member of the Audit Report Implementation Committee, Ghana Police Service. Mr. Asafo-Adjei is also a part-time lecturer at the University of Ghana and GIMPA Business Schools. He is currently the Chief Executive Officer of Imperial General Assurance Ltd., a company recently licensed by National Insurance Commission (NIC) to operate as a Non-Life Insurer.

**Mr. Kofi S. Yamoah** is the Managing Director of the Ghana Stock Exchange and holds a B.Sc. Administration (Accounting Option) degree from the University of Ghana, an executive MBA degree from the China Europe International Business School and the ICA (Ghana) professional certificate. He is a chartered accountant and an investment banker by profession. His career with the Exchange which dates back to December 1990 has



seen him serve as the Presiding Officer on the Trading Floor, Financial Controller, Head of Listings and General Manager. He was appointed the Managing Director of the Exchange in April 2003.

**Mr. Ekow Afedzie** is currently the Deputy Managing Director of the Ghana Stock Exchange. He was educated at the University of Ghana, Legon, Ghana where he obtained a Master's Degree in Business Administration, (MBA) and a Master of Arts degree (MA) in Economic Policy Management. He is also a member of the Chartered Institute of Marketing, Ghana. He joined the Ghana Stock Exchange in 1990 when it was established and has served as the Head of Marketing, Research and Systems, later the General Manager before becoming the Deputy Managing Director of the Exchange and member of its Council.

**Mr. Stephen Tetteh** has been the Chief Executive Officer of the Depository since its commencement in 2004. He holds an M.A. Degree in Economics Policy Management from McGill University, Canada. He had extensive work experience with Bank of Ghana where he rose to the rank of a Director.

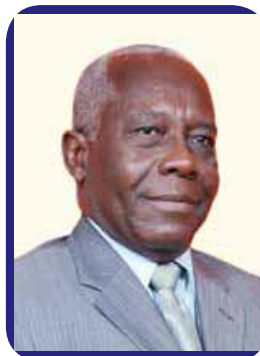
**Mrs. Melvina Amofo** is the Deputy Chief Executive Officer of the Depository. She holds an Executive MBA from the Ghana Institute of Management and Public Administration (GIMPA) and a B.A. (Hons) in Economics and Geography, University of Ghana, Legon. She joined the Ghana Stock Exchange at its inception and held various managerial positions in various Departments including Listings, Marketing and Administration. She also held the position as Company Secretary before her appointment as the pioneer Executive Director of the GSE Securities Depository Company Ltd which was set up in 2008 until it was eventually merged with the Central Securities Depository (GH) Ltd. in 2014. She is a member of the Institute of Directors.



## BOARD OF DIRECTORS



**Dr. Henry A. K. Wampah**  
[Chairman]



**Dr. David O. Andah**  
[Member]



**Mr. Franklin Asafo-Adjei**  
[Member]



**Mrs. Caroline Otoo**  
[Member]



**Mr. Kofi S. Yamoah**  
[Member]



**Mr. Ekow Afedzie**  
[Member]



**Mr. Kwame Adutua-Amakye**  
[Member]



**Mrs. Kokui Adzo Adu**  
[Member]



**Mr. Daniel Kobla Glymin**  
[Member]



**Mr. Stephen Tetteh**  
[Chief Executive Officer]



**Mrs. Melvina Amofo**  
[Deputy Chief Executive Officer]

## 3.0 MANAGEMENT



### Chief Executive Officer

**Mr. Stephen Tetteh** has been the Chief Executive Officer of the Depository since its commencement in 2004. He holds an M.A. Degree in Economics Policy Management from McGill University, Canada. He had extensive work experience with Bank of Ghana where he rose to the rank of a Director.



### Deputy Chief Executive Officer

**Mrs. Melvina Amofo** is the Deputy Chief Executive Officer of the Depository. She holds an Executive MBA from the Ghana Institute of Management and Public Administration (GIMPA) and a B.A. (Hons) in Economics and Geography, University of Ghana, Legon. She joined the Ghana Stock Exchange since its inception and held various managerial positions in various Departments i.e. Listings, Marketing and Administration. She also held the position as Company Secretary before her appointment as the pioneer Executive Director of the GSE Securities Depository Company Ltd which was set up in 2008 until it was eventually merged with the Central Securities Depository (GH) Ltd. She is a member of the Institute of Directors.



### Head of Finance and Administration Department

**Mr. Dornu D. Narnor** is a member of Association of Chartered Certified Accountants (ACCA). He holds an MBA in Finance and has vast experience in finance. He is responsible for handling the Finance and Accounting functions, Human Resource Management and the General Administration of the Depository.



### Head of Operations & Surveillance Department

**Ms. Faustina Coleman-Forson** holds an MBA in Finance from The Johns Hopkins University, USA. She is a FINRA registered Financial Advisor Representative. She worked with BB&T Corporation as a Wealth Management Relationship Manager and has tremendous experience in Financial Advisory, and Estate and Trust Administration. Her role is to ensure that the ultimate priorities of the Depository are achieved through delivery of efficient services in the area of clearing, settlement, and registry services. She is also responsible for the surveillance activities of the Depository as well as statistics and website content management.



### Head of Information Technology Department

**Mr. Ambrose K. Karikari** holds an MBA degree with Finance option, BSc. Information and Communication Technology and IT Professional Certifications. He has gained immense professional experience in Business Intelligence Systems & Networks, Information Security & Business Continuity Management systems and IT Service Delivery Management over the years. He worked with Ghana Telecom Ltd, Vodafone Ghana Ltd, and Electronic Data Communication Systems. He is in charge of managing the systems and networks, business continuity management system and IT Service Delivery of the Depository.

## 4.0 CORPORATE GOVERNANCE

### Introduction

The core objective of the Central Securities Depository (GH) Ltd. (CSD) is to protect the holdings of investors in the country's securities market through efficient, reliable and transparent post trade service delivery. For this reason, CSD places high emphasis on attaining good corporate governance at all times. Corporate governance is paramount to CSD because of its manifest role in supporting the CSD to realise its strategic objectives. Corporate governance also increases the level of accountability in the Depository's business and mitigates anticipated forms of risks from occurring. The corporate governance of CSD is structured to correlate with the philosophy, practices and culture of the Company, the shareholders and its employees. The governance structure comprises of the Board of Directors who determines the general policy of the Depository to guarantee the productive management and development of its services. The Board approves the essential internal by-laws and instructions needed to direct the activities of the Depository. The CSD has two (2) Executive Directors who are responsible for handling all day to day activities of the Depository. The operations of the Depository are conducted through the various departments and units via transparent institutional methods which involves the application of international best practices. The responsibility of enforcing the good corporate governance structure of the Depository is assigned to the Board of Directors. Thus, the Board of CSD is the zenith decision making body of the Company.

The activities of the Board of Directors are conducted in compliance with the code of conduct for Directors as specified in the Companies Code, 1963 (Act 179) and other relevant international standards on good corporate governance practices. In addition, a Board charter is in place to direct the affairs of the Directors in the performance of their responsibilities.

The Board of Directors is made up of Directors with extensive knowledge in their areas of expertise. Annually, the Depository organises seminars and training programmes on corporate governance and other relevant subject areas for the Board of Directors. The training is intended to empower the Directors to perform effectively in their roles. In 2015, a seminar was organised to that effect. In order for the Board, to make informed decisions,

the Board Chairman ensures that adequate information is promptly disseminated to the Directors, shareholders and other relevant stakeholders prior to any decisions.

### Shareholders of CSD

The shareholders of the Depository are Bank of Ghana and Ghana Stock Exchange. The structure of shareholding in the Depository as at the end of December 31, 2015 is indicated below:

Name of Shareholder	% of Share Ownership
Bank of Ghana	70
Ghana Stock Exchange	30

### Members of the Board of CSD

The current Board of CSD is made up of eleven (11) Directors. The Directors include nine (9) Non-Executive Directors and two (2) Executive Directors. The Chairman of the Board is a Non-Executive Director. The Directors include the following individuals:

<b>Dr. H. A. K. Wampah</b>	Chairman (Non-Executive Director)
<b>Dr. David O. Andah</b>	Non-Executive Director
<b>Mr. Franklin Asafo-Adjei</b>	Non-Executive Director
<b>Mrs. Caroline Otoo</b>	Non-Executive Director
<b>Mr. Daniel Kobla Glymin</b>	Non-Executive Director
<b>Mr. Kwame Adutua-Amakye</b>	Non-Executive Director
<b>Mrs. Kokui Adzo Adu</b>	Non-Executive Director
<b>Mr. Kofi S. Yamoah</b>	Non-Executive Director
<b>Mr. Ekow Afedzie</b>	Non-Executive Director
<b>Mr. Stephen Tetteh</b>	Executive Director
<b>Mrs. Melvina Amofo</b>	Executive Director

### Board Meetings

The Board is scheduled to meet once every quarter in a typical calendar year. Nonetheless, the Board has the flexibility to meet outside the scheduled dates to address significant policy issues requiring urgent deliberations. In 2015, the Board, met on six (6) occasions. Two (2) of the Board meetings held in 2015 were extraordinary meetings. The attendance of Board meetings by the Directors is summarised below:



Name of Board Member	Number of Meetings Attended in 2015
Dr. H. A. K. Wampah	6/6
Dr. David O. Andah	5/6
Mr. Franklin Asafo-Adjei	6/6
Mrs. Caroline Otoo	5/6
Mr. Daniel Kobla Glymin	5/6
Mr. Kwame Adutua-Amakye	5/6
Mrs. Kokui Adzo Adu	6/6
Mr. Kofi S. Yamoah	5/6
Mr. Ekow Afedzie	5/6
Mr. Stephen Tetteh	6/6
Mrs. Melvina Amofo	6/6

- To appoint the Chief Executive Officer (CEO) and Deputy Chief Executive Officer (DCEO) and appraise their performances.
- To provide guardianship of corporate values to the Depository.
- To monitor the risk management framework of the Depository.
- To appoint, reappoint or replace external auditors.
- To oversee the integrity of company's financial reporting and disclosure of information.
- To determine the development and succession plan of the Board and Executive Directors of the Depository.
- To ensure compliance with all relevant legal, tax and regulatory obligations including adherence to other international standards such as the Principles for Financial Market Infrastructures (PFMIs).

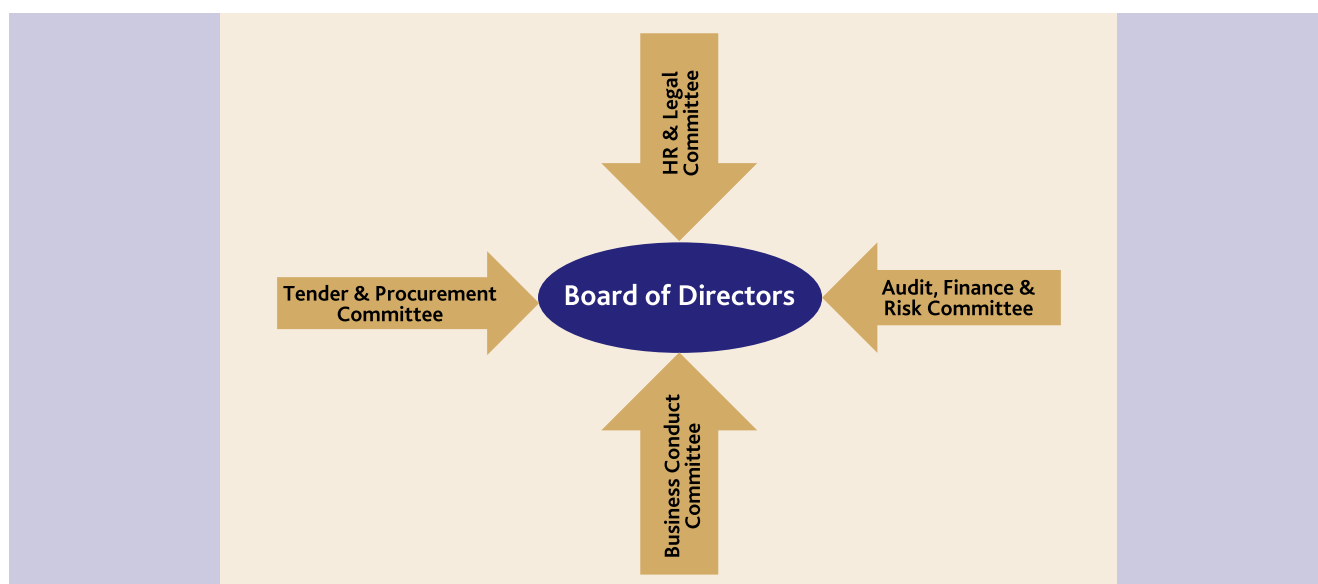
## Functions of the Board of Directors

The functions of the Board have been developed in fulfilment of the vision and strategic objectives of the Depository. The functions are:

- To supervise, approve and monitor the company's strategic programmes.
- To supervise and approve the implementation of a comprehensive Business Plan for the company including the annual budget.

## Board Committees

The Board has established four (4) cardinal committees to assist in the performance of its functions. All the four (4) committees report directly to the Board of Directors. The functions of the various committees are determined and reviewed by the Board from time to time.



## Tender and Procurement Committee

The function of the Tender and Procurement Committee includes:

- To evaluate bids received from vendors.
- To endorse the recommendations for the award of contracts to vendors.
- To present reports on bid evaluations to the Board including the valuation processes and comparison of bids.
- To prepare tender and procurement policies that are consistent with the Public Procurement Act 2003 (Act 663).
- To ensure that contracts are awarded in the best interest of the Depository through transparent and impartial approach.

The members of the Tender and Procurement committee as at the end of 2015 are as follows:

- Mr. Stephen Tetteh Chairman
- Mr. Daniel Kobla Glymin Member
- Mr. Kwame Adutua-Amakye Member
- Dr. David O. Andah Member
- Mr. Ekow Afedzie Member

In 2015, the Tender and Procurement Committee held two (2) meetings and the attendance of the committee members for the two (2) meetings is indicated below:

Name of Committee Member	Meetings Attended in 2015
Mr. Stephen Tetteh	2/2
Mr. Daniel Glymin	2/2
Mr. Kwame Adutua Amakye	2/2
Dr. David Andah	1/2
Mr. Ekow Afedzie	2/2

## Business Conduct Committee (BCC)

The BCC is responsible for the following activities:

- To monitor the operations relating to risk management issues and the Guarantee Fund.
- To hear complaints from aggrieved persons who claim to be adversely affected by any decision of the CSD with respect to the operations of the CSD.

- To make recommendations to the Board of the CSD with respect to applications for appointment as a Depository Participant and to suspension or revocation of such appointment.
- To deal with and advise the Board on such other matters of a financial and business nature as the Board may determine

As at the end of December, 2015 the Business Conduct committee included the following:

Mrs. Kokui Adzo Adu - Chairman

Mr. Kofi Adu-Labi - Member

Mrs. Melvina Amofo - Member

Ms. Nkechi Akunyili - Member (Banks Representative)

Mr. David Tetteh - Member (Non-Banks Representative)

Ms. Carol Annang - Representative of Bank of Ghana

Two (2) meetings were held by the Business Conduct Committee in 2015. The meeting attendance of the members of the BCC in 2015 is as follows:

Name of Committee Member	Meetings Attended in 2015
Mrs. Kokui Adzo Adu	2/2
Mr. Kofi Adu-Labi	2/2
Mrs. Melvina Amofo	2/2
Ms. Nkechi Akunyili	1/2
Mr. David Tetteh	2/2
Ms Carol Annang	2/2

## Audit, Finance and Risk Committee

The role of the Audit, Finance and Risk Committee includes the following:

- To identify and review the impact of potential risks to the operations of the Depository and recommend mitigating measures to alleviate such potential risks.
- To ensure the existence of quality, transparency and integrity in the Depository's financial statements.
- To oversee the internal controls in the company's financial reporting and compliance with relevant tax laws and other financial regulations.
- To superintend the external and internal audit functions of the Depository.

As at the end of December, 2015 the Audit, Finance and Risk Committee included the following individuals:

- Mr. Franklin Asafo-Adjei      Chairman
- Dr. David Obu Andah      Member
- Mr. Kofi Yamoah      Member
- Mr. Daniel Glymin      Member
- Mrs. Kokui Adzo Adu      Member

During 2015, the Audit, Finance and Risk Committee held four (4) meetings. The attendance of the members of the committee is captured below:

Name of Committee Member	Meetings Attended in 2015
Mr. Franklin Asafo-Adjei	4/4
Dr. David O. Andah	3/4
Mr. Kofi S. Yamoah	3/4
Mr. Daniel Kobla Glymin	4/4
Mrs. Kokui Adzo Adu	4/4

### Human Resource and Legal Committee

The mandate of the Human Resource (HR) and Legal Committee includes the following:

- To review, monitor, evaluate and make recommendations to the Board with regards to remuneration, staffing, recruitment, and retirement.
- To develop and maintain highly skilled workforce relevant to achieving the vision and the strategic objectives of the Depository.

- To provide legal advice on all issues related to the legal interest of the Depository.
- To support the Board in fulfilling its oversight responsibility on the laws which underpins the Depository's operation such as Securities Industry Law (PNDC Law 333), Securities and Exchange Commission Regulations (LI 1728), the CSD Act 2007 (Act 733), CSD Operational Rules and Procedures.

As at the end of December, 2015, the Human Resource and Legal Committee included the following:

- Mrs. Caroline Otoo      Chairperson
- Mrs. Kokui Adzo Adu      Member
- Mr. Franklin Asafo-Adjei      Member
- Mr. Kwame Adutua-Amakye      Member
- Mr. Kofi Yamoah      Member

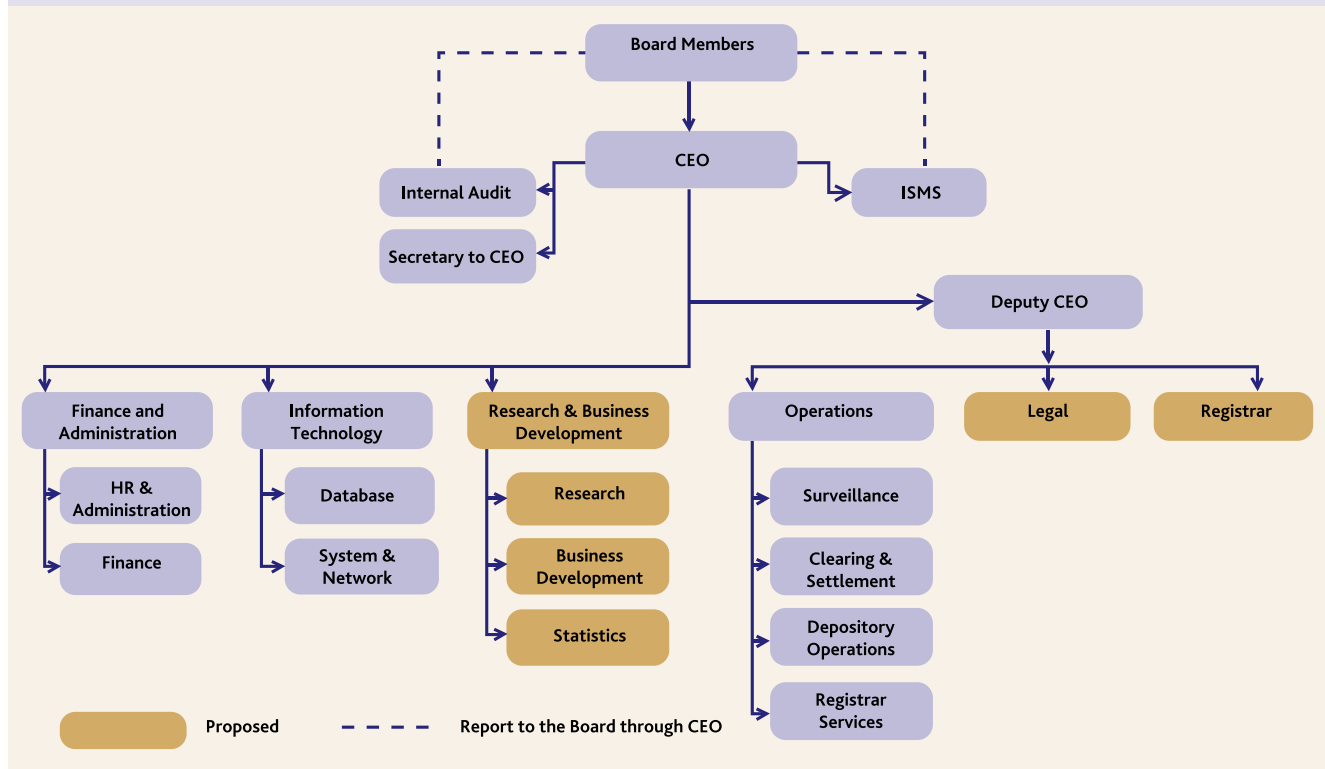
The Human Resource and Legal Committee met on two (2) occasions in 2015. The attendance of the committee members for the two (2) meetings held in 2015 is indicated below:

Name of Committee Member	Meetings Attended in 2015
Mrs. Caroline Otoo	1/2
Mrs. Kokui Adzo Adu	2/2
Mr. Franklin Asafo-Adjei	2/2
Mr. Kwame Adutua-Amakye	2/2
Mr. Kofi S. Yamoah	2/2



## Organisational Structure

In order to achieve the five (5) year strategic plan of the Depository, a new organogram has been developed by the Board for implementation throughout the period of the five (5) year strategic plan. The new organogram is envisioned to be fully operational by the end of the five (5) year strategic plan in 2019.



## 5.0 RISK MANAGEMENT FRAMEWORK

Risk management is of utmost important to the Depository. The Depository is cognizant about some of the key risk areas that can threaten its smooth and efficient operations including the adverse consequences these risks can impose on the entire securities industry of Ghana. The Depository has therefore, developed and implemented a robust risk management framework for its business operations. The risk management framework of CSD guarantees the business continuity and disaster recovery plans of the Depository. The prime focus of the risk management framework is to identify, measure, monitor and manage various risk scenarios and proffer solutions to the risks that confront the operations of the Depository.

The risk management framework requires that, periodically, the Depository conducts risk assessment on its operations and systems. The risk assessments are carried out to identify possible risk elements in the company's risk management framework which require crucial attention by the Depository. During the risk assessment exercise, the likelihood of the impact of the identifiable forms of risks occurring is estimated. In order to enhance the risk assessment process, in 2015 the Depository acquired the current version of the renowned risk assessment tool, vsRisk™. The vsRisk™ assessment tool uses a multi-level scale that takes into account both the extent of impact and frequency of occurrence. The risk levels are defined as Low, Medium, High and Very High. The vsRisk™ has the advantage of handling complex risk assessment tasks; it saves time and also has the ability to reduce some basic human error that can be committed in the assessment methodology. The vsRisk™ being used by the Depository perform risk assessment is in compliance with ISO 27001: 2013.

After completion of the risk assessment methodology, the levels of identified risk are reviewed and compared to the risk acceptance criteria. All the risks that are at or below the acceptable levels are automatically accepted. Risks that are at a level higher than the acceptable region may be transferred to a third party such that the residual risk is at or below the accepted level, or must be

reduced by implementation of appropriate controls to a level consistent with the risk acceptance criterion. Where necessary, additional measures are adopted to reduce the residual risk level below the acceptable region. Whenever residual risk remains for any reason above the acceptable risk threshold, Board approval must be provided for that level of risk exposure.

In order to ensure the effectiveness of the risk management framework of the Depository, applicable and standard reporting lines have been established. The reporting lines are frequently reviewed and made available to all the relevant parties. Employees of the Depository are required to report any anticipated form of risk first to the Information Security Management Unit of the company and subsequently to any member of the Management team of CSD. The Information Security Management Unit communicates daily its findings to the Chief Executive Officer regarding the risk profile of the Depository. The Chief Executive Officer is responsible for ensuring that the Organisation's risk management framework satisfies the requirements of the Board of Directors and of the Central Securities Depository Act 2007 (Act 733) and all other relevant laws including guidelines governing the securities industry. The Management of the Depository is generally responsible for the day to day management of the risk exposure of the company. The Heads of Departments are accountable to the Board of CSD through the Chief Executive Officer for the management of any risk that falls within the ambit of their respective Departments. The Information Security Management Unit prepares monthly report on the risk profile of the company for review by the Management team and consequently to the Board. The Risk, Finance and Audit Committee of the Board is also available to serve as a buffer to the risk management framework of the Depository. Membership of the Risk, Finance and Audit Committee includes independent Directors who express their independent opinions on matters at both the Committee and Board levels. The Board of Directors which is the highest decision making body of the organisation is responsible for the overall risk management framework of the Depository.

The risk management framework of the Depository has an integral component to wither key fundamental risks that have been identified by the Depository with respects to its business operations. Operational Risk, Legal Risk, Information Security Risk, Liquidity and Settlement Risk, Financial Risk, Governance and Transparency Risk are among the key fundamental risks that have been identified by the Depository. Another integral component of the risk management framework of CSD is the existence of comprehensive Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP).

## Operational Risk

The operational risks that have been identified by CSD include deficiencies in it information systems or internal processes, human errors, management failures, or disruptions from external events that can result in the reduction, deterioration or breakdown of services being offered by CSD to the securities industry. An Information Security Management System (ISMS) is in place to address the operational risks. The ISMS of the CSD demands that all proceedings and procedures underpinning the various functions at the Depository are regularly reviewed and documented. The staff members are actively involved in the management of the company's operational risk. In 2015, a seminar was organised for the staff to refresh their knowledge about the ISMS policies and the need to protect the information asset of the company. In addition, Operational Rules and Operational Procedures exist to support the Management of the company's operational risks. The Operational Rules and Operational Procedures are currently being reviewed to address some deficiencies that have been identified by the Depository. Also standard communication tools such as SWIFT and Financial Information Exchange (FIX) are being used by the Depository for most of it communications particularly the performance of its clearing and settlement function and other services to reduce human errors. It is the responsibility of the Business Conduct Committee to ensure that the operational risk of the Depository are managed effectively at all time to avoid market disruptions in it service delivery.

## Legal Risk

In addressing the legal risk of the company, the Depository ensures that the Depository adheres strictly to all the relevant laws and regulation binding its operations. The risk management framework is structured to avoid unanticipated application of a law or regulation which can

result in a loss to CSD. The Human Resource and Legal Committee of the Board is responsible for supervising the legal activities of the Depository. As part of the Five-Year Strategic Plan, the Depository anticipates to establish a Legal Unit or Department to handle the legal issues of the company. Presently, the Legal Department of the Bank of Ghana handles the legal affairs of the Depository. In 2015, the regulator, the Securities and Exchange Commission audited the activities of the Depository as part of its market surveillance.

## Information Security Risk

The risk faced by CSD include inappropriate distribution of information to the staff, stakeholders and the general public, exposure of its systems to both internal and external vulnerabilities and unlawful access to the company's information by external parties. The CSD ensures that the Confidentiality, Integrity and Availability (CIA) of information and information assets are not compromised. Information assets are also distributed to only concern parties. In 2015, the Depository conducted penetration and vulnerability evaluation to ascertain the vulnerability or otherwise of it systems to external parties. The penetration and vulnerability assessment is conducted frequently by the Depository. CSD is ISO 27001:2013 certified. The certification aims to deepen the Management of the company's Information Security Risk.

## Liquidity and Settlement Risk

The liquidity and settlement risks identified by the Depository include the inability of counterparty to accomplish its settlement obligations towards a transaction which could lead to delays in the settlement process. The risk Management framework is designed to ensure that settlement occurs on market agreed timelines and on delivery verses payment model (DvP 2). The DvP 2 mechanism ensures that securities transfer and fund payments occur simultaneously. Also the risk Management framework is structured to reduce default from market participants to the barest minimum to avoid systemic risk. In the event of participant default, the Settlement Guarantee Fund (SG Fund) exists to facilitate settlement finality. Currently, the SG Fund covers transactions involving equity securities. In 2015, the Depository began developing a comprehensive SG Fund guideline to cover deficiencies in both fixed income and equity securities. The Business Conduct Committee of the Board oversees the settlement activities of the Depository and its participants.



## Financial Risk

In order to avoid financial risk, the financials of the Depository are audited by both internal and external auditors. In 2015, the Depository was audited by its external auditor, Ernst and Young. The internal audit functions of CSD are performed by the Audit Department of Bank of Ghana. In 2015, the process to recruit an internal auditor for the company was initiated and it is expected that in 2016 the company will employ a full time internal auditor. In addition, the Audit, Finance and Risk Committee of the Board continue to oversee the financial activities of the Depository.

## Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP)

It is the objective of the Depository to provide uninterrupted service to the market even in the event of disasters such as a fire outbreak. To be able to achieve this objective, succinctly the CSD has a comprehensive

Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) to support its business continuity agenda. Some of the areas concealed in the BCP and DRP include network redundancy, backup systems, data retention, and real time data replication to the Data Recovery site. In 2015, two (2) simulation exercises were intentionally conducted by the CSD to assess the responsiveness of market participants and the staff of CSD in the event of any eventuality in accessing the CSD system. During the two (2) simulation exercises in 2015, CSD intentionally disabled the primary link leading to the CSD system for market participants to access the CSD system using the secondary link. The outcome of the exercise was very good since members were able to access the CSD system using the secondary link. The Business Conduct Committee of the Board is tasked to oversee the business continuity objectives of the Depository. The Board and Management are resolute to provide sustainable service to the market.

## 6.0 CHAIRMAN'S STATEMENT

### Introduction

Dear Shareholders, colleague Board Members, Ladies and Gentlemen, on behalf of the Board, I welcome you all to the 5<sup>th</sup> Annual General meeting of the Central Securities Depository (GH) Ltd. (CSD). This meeting marks the 2<sup>nd</sup> Annual General meeting of the Depository subsequent to the merger of the two Depositories in January, 2014. I am delighted to inform you that, since the last annual general meeting, the company has steadily built on its performance. The purpose of this year's annual general meeting will involve deliberations on the company's performance in 2015, the financial statements of CSD for the year ended, 2015 and the future goals of the Depository. Thank you for making time to be part of this year's annual general meeting.



### Overview of the Securities Market in Ghana

The product mix in the country's securities market is limited in scope as it comprises of equity and fixed income securities. In 2015, the equity segment of the country's security market experienced a bearish movement. The market capitalisation declined by 11% from GH¢ 64.4 billion in 2014 to GH¢ 57.1 billion in 2015. The value of shares traded recorded a downward trajectory of GH¢ 247.6 million in 2015 from GH¢ 346 million in 2014. The GSE composite index recorded the highest of 2,386.51 in 2015 on June 9, 2015 as against the highest of 2,439.20 on February, 21, 2014. The bearish nature of the equity market led to a general decline of trading activities on the Ghana Stock Exchange in 2015. In 2015, few small and medium scale institutions were listed successfully onto the GSE through the GSE Alternative Market (GAX).

On the fixed income component of the country's securities market, the Government of Ghana dominated activities in the market in 2015. In an effort to reform Government issuance of fixed income securities and to promote the concept of market makers, the Ministry of Finance and Economic Planning introduced the book building technique which will be rolled out effectively in 2016. Under the book building concept, underwriters will be required to build a book by accepting orders from fund managers indicating the value of securities they desire and the price they are willing to pay. This will promote price discovery and introduce competitiveness in Government's securities market. To further enhance price discovery in the country's fixed income market, the Ghana

Fixed Income Market (GFIM) was established in 2015 to spearhead the establishment of a trading platform that will promote transparency in secondary trading of fixed income securities.

In the future, the Depository will work with other key stakeholders in the country's securities market to increase the number of product mix in the country's securities market.

### Financial Report

The value of the company's assets increased by 64% from GH¢ 12.09 million in 2014 to GH¢ 19.84 million during 2015. Profit before tax amounted to GH¢ 7.62 million. The company will pay a corporate tax of GH¢ 1.98 million to Ghana Revenue Authority for the 2015 financial year leaving an after tax profit of GH¢ 5.64 million. Compared to 2014, the after tax profit of CSD grew by 106% from GH¢ 2.73 million in 2014 to GH¢ 5.64 million in 2015.

### Dividend

In 2015, the financial performance of CSD demonstrates that, it has improved on the successes of 2014. Considering the remarkable financial performance of CSD in 2015, the Board has decided to declare a dividend of GH¢ 0.27 per share. It is refreshing and noteworthy to mention that, this is the first time a dividend has been declared by the Board of CSD ever since the CSD was incorporated in 2010 by the Bank of Ghana. We look forward to improving



the performance so that, the dividend pay-out can be increased in the ensuing years as the financial performance of the company continues to grow.

## Ownership

The current shareholding structure of the Depository comprises the Bank of Ghana (70%) and Ghana Stock Exchange (30%). It is envisioned to diversify the shareholding of the Depository by bringing on-board other stakeholders to increase resources and available expertise.

## Board Membership

The current membership of the Board is eleven (11) comprising of two (2) Executive Directors and nine (9) Non-Executive Directors. This constitutes the transitional Board appointed by the two (2) Shareholders in 2014 to oversee the restructuring of the policies of the merged Depository during the first year of its operation consequent to the merger of the two Depositories in January, 2014. As you are reliably aware, during the 2014 annual general meeting, the transitional Board was granted another one year term by the Shareholders to fully implement the policies it's primarily initiated in 2014 and which remains uncompleted. It is the expectation of the Board and Shareholders of CSD to reconstitute the Board Membership, once the mandate of the transitional Board is completed in 2016. I therefore, seek your approval as Shareholders to extend the mandate of the transitional Board for another one year term to December 31, 2016.

## Key Policy Decisions in 2015

The Board provided key policy guidance to the Management of the Depository in 2015. Specifically, the Board determinedly monitored the progress of the implementation of the new CSD system and appropriately advised Management to ensure that the project is completed on record time. The implementation of the new CSD system is very crucial to the Board because of its impact on the long term sustainability of the Depository's operations. As a result, the Board constituted a technical committee to ensure that, all the relevant business requirements of both the debt and equity markets are satisfactorily incorporated into the new CSD system.

Considering the growing demands of depository services in the country, the Board sanctioned the recruitment of an Internal Auditor by the Depository in 2015. The Internal Auditor will ensure that the financial activities of the

Depository comply with acceptable standards and also endeavour to protect the assets of the shareholders from financial risks which may elude the company. The growing demand of the company's services and the fast changing trends in the worldwide depository business requires that, additional Departments are established to efficiently spearhead the activities of the Depository. As a result, the Board has proposed for the establishment of three (3) new Departments in the near future. The proposed Departments are Research and Business Development, Registrar and Legal Departments. It is the anticipation of the Board that, the three (3) Departments will broaden the operational scope of CSD and also supports the company to match its services to well-grounded international standards.

Another important policy issue, addressed by the Board in 2015 was the assessment of the feasibility to acquire and implement a new Registrar system. The new Registrar System once implemented will enhance the service delivery of the Registrar Unit of the Depository. Ancillary services such as online proxy voting, dividend reconciliation, issuer accessibility to reports and the shareholders' register, and investor portal are some of the added advantages that the new Registrar system will add to the services of the company's Registrar Unit. The investor portal which is a component of the Registrar System will allow shareholders online access to view their dividends and other relevant details on their securities. The investor portal will contribute to market transparency. The enhancement of the Registrar system is envisioned to broaden the revenue base of the Registrar Unit for the general benefit of the shareholders.

## Corporate Governance

Dear Shareholders, the Board wants to affirm to you once again about its commitment towards the application of good corporate governance standards in the administration of the Depository's business. The aim of the Board is to establish an organisation that is transparently governed with integrity and which is accountable and responsible, and operate efficiently and effectively. As a result, the Board has a Board charter which guides the Board in the performance of its role as the highest decision making body of the company. In addition, the Board restrictively adheres to the code of conduct stipulated for Board of Directors and enshrined in the Companies Act 1963, (Act 179).





## Outlook for 2016

The implementation of the new CSD system will be completely rolled out by end of 1Q2016. Once the new CSD system is rolled out, CSD will evaluate the viability to venture into other services such as securities lending and borrowing etc.

The Board will continue to pursue programmes that are germane to the long term sustainable growth of the company and extend its frontier to other markets. CSD will undertake a study within the sub region to provide consultancy services to other countries within the sub region lacking depository services.

## Acknowledgment

On behalf of the Board, I want to thank our shareholders for their tremendous support towards the growth of CSD in 2015. I also wish to thank, the Management and Staff of CSD for their hard work and relentless dedication to the company's growth and future prosperity. Finally, I thank all the Depository Participants and Investors for the confidence they have developed over the years in the services of the CSD.



## 7.0 CHIEF EXECUTIVE OFFICER'S STATEMENT

### Introduction

Dear valued shareholders, it is my pleasure to welcome you to the 5th annual general meeting of the Central Securities Depository (GH) Ltd (CSD). I am happy to present to you once again, the annual performance of your company for the year 2015. The performance of the Depository in 2015 shows a remarkable development on its 2014 performance.



### Overview of the World CSDs in 2015

One of the major challenges confronted by CSDs in their operations worldwide in 2015 was in the area of cyber-attacks. During the 2015 Word Forum of CSDs, it was reported that the number of cyber-attacks on CSDs increased globally from 3.4 million in 2009 to 42.8 million by 2014. The rate of increase in the number of cyber-attacks on CSDs is mainly attributable to the high dependency of CSDs on Information systems in the provision of services. The aim of CSDs across the globe therefore, is to constantly update and improve on their corporate information security by focusing their Business Continuity and Disaster Recovery Plans not only on physical disasters such as fire outbreaks, floods etc. but more importantly to address cyber security threats and vulnerabilities.

We are happy to inform you that our ISO 27001 has been upgraded to the 2013 version and certification awarded for in 2016. This confirms that our data and information security conforms to international standard.

Another important development, which took a centre stage in the activities of CSDs globally in 2015, was a discussion on the appropriate settlement cycles for securities market transactions. An appropriate settlement cycle is central to achieving settlement efficiency, reduce counterparty risk and improve the asset commitment risk hence most CSDs were compelled to decrease their settlement cycles to T+2. The reduction in the settlement

cycle is important to realising efficient use of capital in the securities market. In view of this, markets such as U.S.A. and Singapore are moving towards T+2.

In Ghana currently our settlement cycle is T+ 2 for debt and T + 3 for equity. In line with global trend we will critically examine the business case for reducing these cycles.

In order to make the operations of CSDs more attractive to investors, global efforts were initiated in 2015 to educate CSDs to adhere to the Principles for Financial Market Infrastructures (PFMI) developed by Committee on Payments and Market Infrastructures, and International Organisation of Securities Commission (CPMI- IOSCO). The aim of the PFMI is to provide a guide for CSDs to parallel their operations to international standards. Global efforts were also initiated to synchronize the disclosure framework of CSDs. The Board has given approval for the CSD to carry out the self-assessment in 2016 and develop the disclosure framework.

Cross border securities clearing and settlement was also a major issue addressed among CSDs in 2015. The CSD is actively participating in the West Africa Capital Market Integration Council (WACMIC) working towards the integration of the capital market in the West African Region. The benefits of cross border transactions are enormous as it has the advantage of improving market liquidity.





## 2015 Financial Performance

The CSD recorded an impressive performance in its financials in 2015. The operating income increased by 42.71% from GH¢11.16 million in 2014 to GH¢15.9 million in 2015. The operating expenses on the other hand increased by 12% from GH¢7.40 million in 2014 to GH¢8.30 million in 2015. The CSD doubled its profit before tax from GH¢3.76 million in 2014 to GH¢7.62 million in 2015.

## 2015 Operational Performance

The number of Depository Participants admitted by CSD increased from sixty six (66) in 2014 to sixty (68) in 2015. The total number of clients registered for dealings in debt securities and equity securities stood at 756,528 and 89,741 respectively at the end of 2015. The Depository has dematerialised 87.64% of the total volume of issued shares listed on the GSE. This has fallen short of our target of 90% for end of 2015.

## Ongoing Activities

The Depository is still in the process of migrating both the fixed income and equity securities onto a single CSD system including the interface of the new CSD system with the ATS of the GSE and the RTGS system of the Bank of Ghana. The original proposed date for the completion of this exercise was not realised in 2015 due to some technical drawbacks. As a result, the project is still ongoing and it is scheduled for completion by the end of 1Q2016.

## 2016 Projections

The Depository will collaborate with stakeholders such as Securities and Exchange Commission, Ghana Stock Exchange and Ghana Fixed Income Market to educate more firms to issue either fixed income or equity securities.

Another important projection that the CSD will strive to achieve in 2016 is to perform the assessment methodology as recommended by CPMI-IOSCO. The assessment will create a platform for CSD to identify potential risk areas for urgent consideration and also increase confidence of investors in the operations of the CSD.

In 2016, the CSD will continue to educate shareholders on the importance of converting their share certificate into electronic book entry. It is anticipated that by the end of 2016, the percentage of share certificates converted into electronic book entry system will increase from 87.64% in 2015 to 95%.

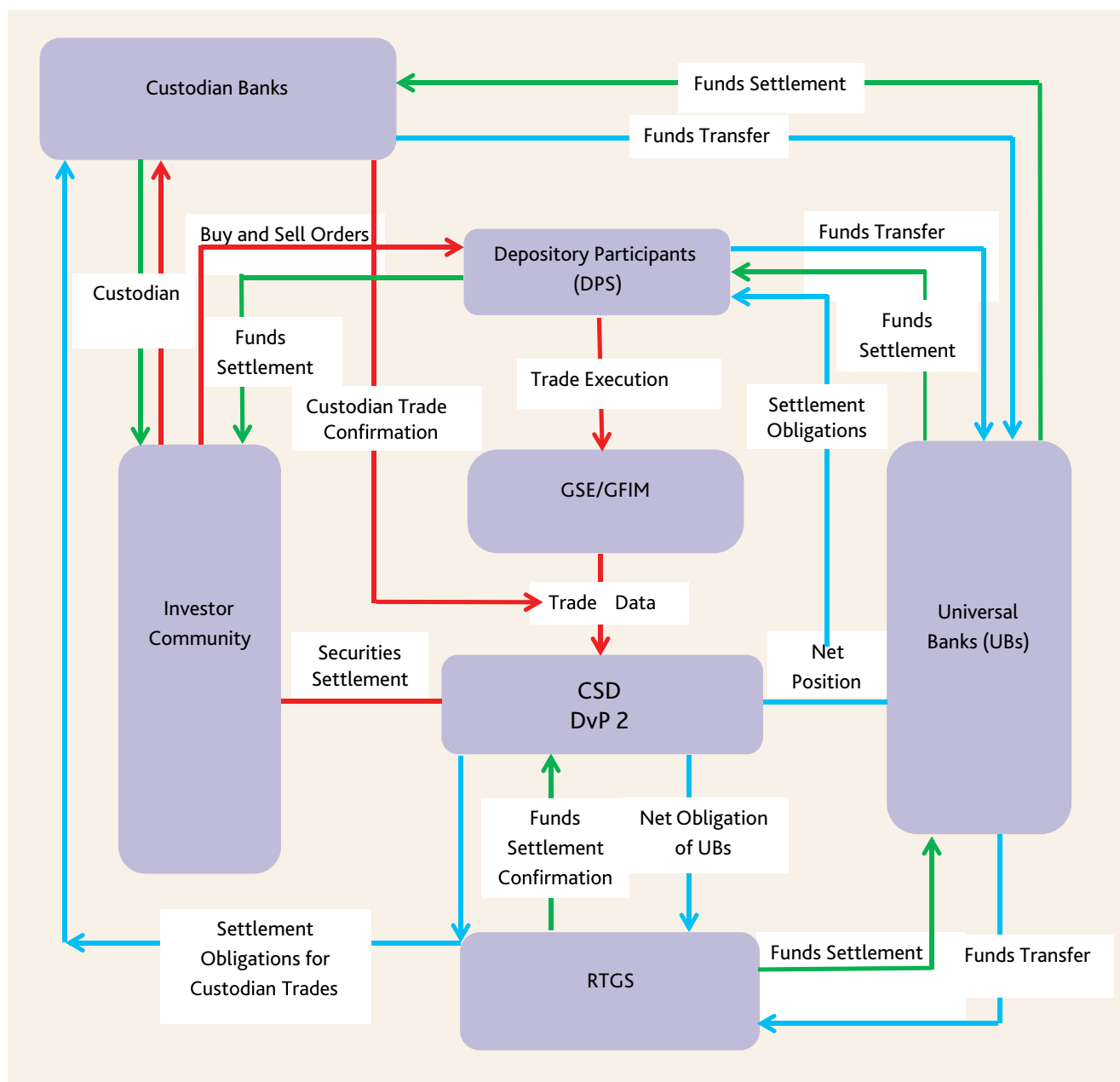
In the intervening time, client demands for the services of the CSD continue to grow. As a result of the increasing complex demands of investors in the securities market, CSD will continue to invest resources to improve on its human capital and product developments, and IT infrastructures to meet clients' peak demand. The CSD will retain and build the key corporate assets and strengthen its corporate information security against potential cyber threats.

## Acknowledgment

I am grateful to the shareholders, directors, management and staff of the depository for your input towards the CSD in 2015. I also want to thank all market participants for the contributions and commitments they have demonstrated to the growth of the CSD. I want to urge all stakeholders to continue to support the objectives of the CSD in providing efficient depository, clearing and settlement services to the country's financial market. I especially wish, to thank the regulator, Securities and Exchange Commission of Ghana for its regulatory role over the CSD in 2015.



## CLEARING AND SETTLEMENT NETWORK OF CSD



## Note

- Investor Community refers to individual and institutional investors including both domestic and foreign investors.
- Depository Participants include Banks, Brokers, and Investment Advisers etc.
- GSE/ GFIM refer to Ghana Stock Exchange/ Ghana Fixed Income Market respectively.
- CSD means Central Securities Depository (GH) Ltd
- RTGS is Real Time Gross Settlement System of the Settlement Bank. The Settlement Bank is the Central Bank of Ghana.
- DvP2 model is a mechanism through which securities are settled on gross basis and fund settlement is done on net basis. The advantage of this model is that, it reduces the financial obligation of the DPs during the settlement process.

## 8.0 2015 ACTIVITIES

### 8.1 Staff Matters

The current staff strength of the Depository is twenty two (22), it comprises of ten (10) male and twelve (12) female. One (1) staff member resigned from the Depository in 2015.

#### Staff Training & Conferences

In 2015, the Depository sponsored some of its staff to participate in training programmes and conferences at both the national and international levels. The aim of the Depository is to equip staff members with the relevant skills and knowledge that are paralleled to staff of Depositories in other jurisdictions.

In addition, the Depository organised an in-house seminar on Saturday, July 11, 2015 for the entire staff. The seminar was used to educate staff members on the relevance of the company's Information Security Management Policy and also the Five-Year Strategic Plan designed by the Depository in 2013 to spearhead its activities from 2015 to 2019.

#### 2015 Training Programmes Participated

- Securities Operations Foundation Course (SOFC), London, UK
- Operations Certificate Programme, Brussels, Belgium
- Corporate Actions – Operational Challenges, London, UK
- International Securities Settlement & Custodian Services, London, UK
- Senior Management Skills, London, UK
- ISO 27001 Certified ISMS Lead Auditor Training, London, UK
- Advanced Management Skills, London, UK

#### 2015 Conferences & Workshops Participated

- The World Federation of CSD's Conference, Mexico
- Corporate Governance Conference, South Africa
- 25th Annual International Institute for Securities Market Growth and Development, Washington, DC
- World Exchange Congress, London, UK

- SWIFT African Regional Conference, Cape Town, South Africa
- Study Tour of the Debt Market, Singapore
- 3rd NeMa Africa Conference for 2015, London, UK
- Africa and Middle East Depositories Association (AMEDA) 22nd Meeting, Abu Dhabi, UAE

### 8.2 Information Security Management System (ISMS)

CSD was awarded with ISO27001:2013 in September, 2015. The awarding body gave a directive demanding all the holders of ISO27001:2005 to upgrade to ISO27001:2013. The directive was issued because the awarding body, ISO, was facing out ISO27001:2005. The time line set by ISO for all the holders of ISO27001:2005 standards to upgrade to ISO27001:2013 standards were successfully met by CSD in 2015. Subsequently, CSD was awarded with ISO27001:2013 certificate in September, 2015. Unlike ISO27001:2005, the new edition ISO27001:2013 ensures that the ISMS policies are designed to align with the organisation's business objectives and processes including the regulatory and contractual obligations of the Depository.

### 8.3 Market Training

CSD organised a four (4)-day training programme from 17<sup>th</sup> -20<sup>th</sup> November, 2015 to train all the sixty eight (68) Depository Participants on the newly upgraded version of the CSD system scheduled to Go-Live on 8<sup>th</sup> March, 2016. The training session was designed to allow market participants to acquaint themselves with the newly upgraded CSD system and also to solicit inputs from market participants for consideration and incorporation into the new CSD system before the final acceptance testing by the Depository.

The Depository will arrange a supplementary training on the new CSD System for all the market participants before the projected Go-Live Date in 2016. The testing environment of the new CSD system will be deployed to the offices of the Depository Participants for one (1) week hands-on practice before the proposed Go-Live Date.

The Depository also organised mandatory training programmes for each of the two (2) Depository



Participants that were successfully admitted by the CSD (First National Bank and Unibank Custody Service) in 2015 to operate as Depository Participants. Refresher programmes were also organised for some of the already admitted DPs to enhance their knowledge about the operations of the Depository and the CSD system.

#### 8.4 Public Education and Awareness of the Role of CSD in Ghana

CSD organised a lecture for some students of the University of Ghana Business School to educate them on the functionalities of the Depository in Ghana and also about some of the developments the Depository plans to introduce to the market in the ensuing years.

#### 8.5 Update on the CSD System Upgrade and Data Migration

Millennium IT of Sri Lanka, a member of the London Stock Exchange Group was contracted by the Board of CSD to upgrade the CSD system from version 3 of the Millennium IT system to version 7 in 2015. Various simulation exercises were carried out by the Depository to evaluate the vulnerability, viability and efficiency or otherwise of the new CSD system in line with the business requirements of the Depository. The outcomes from the simulation exercises were communicated to Millennium IT for inclusion into the new CSD system before the Go-Live date in 2016. Results from the simulation exercise indicated a successful migration of both equity and fixed income securities onto a single CSD platform. In addition, the Automated Trading System of GSE and the proposed new CSD system were effectively integrated during the simulation exercise.

#### 8.6 Review of Existing Rules and Procedures of the CSD

The Operational Rules and Procedures of the Depository were reviewed by the Depository. The reviewed Operational Rules and Procedures are currently being examined by the Business Conduct Committee, afterwards, they will be sent to the Securities and Exchange Commission of Ghana for final approval. The objective of this exercise is to harmonise the Operational Rules and Procedures for both the fixed income and equity markets which have run in pari passu to each other subsequent to the merger of the CSD and the erstwhile GSE Securities Depository Company Ltd (GSD) on January 1, 2014.

#### 8.7 Clearing and Settlement Issues

Effective January 1, 2014, the two (2) Depositories in the country were merged into one company. One of the key requirements of the merger agreement between the two shareholders of CSD; Bank of Ghana and Ghana Stock Exchange was that, the merged CSD shall clear and settle transactions involving both equity and fixed income securities. Consequently, CSD will take over the Clearing and Settlement functions of the Clearing and Settlement House of the Ghana Stock Exchange once the new CSD system is implemented in March, 2016. In view of this, CSD is in the process of submitting a draft of its newly developed Clearing and Settlement Rules together with a Guideline on Settlement Guarantee Fund to the Securities and Exchange Commission for approval in January, 2016. The proposed Settlement Guarantee Fund when established will serve as a default measure for clearing and settlement of both equity and fixed income securities. Per the new clearing and settlement regime, the Central Bank shall be the Settlement Bank of the CSD for funds settlement involving both equity and fixed income securities. This is in line with global best practice and as recommended by CPSS – IOSCO for the Central Bank to act as the Settlement Bank.

All the Non-Bank Depository Participants are required to appoint a Universal Bank to act as their Settlement Partner for funds Settlement at the Central Bank. The Settlement Partners will receive funds transfer from the Non-Bank DPs for funds settlement at the Central Bank and also from the Central Bank for onwards transfer to the Non-Bank DPs.

The settlement model of the CSD is the DvP 2 model where funds are settled on multilateral netting and securities are settled on bilateral approach.

#### 8.8 User Group Meetings

Several user group meetings were held in 2015 between the CSD and the various sub groups established by the Depository participants (DPs). The sub groups comprises of the Custodian Community, Broker Community and the Universal Banks. The sub groups were formed in 2015 and each group has its own leaders to forefront the agenda of the groups. The user group meetings were used to discuss important market issues and to attain conclusions that are beneficial to the market. Some of the key issues discussed during the user group meetings included



settlement time lines, settlement of custodian trades, the new settlement cycle, confirmation of securities account by CSD, appointment of settlement partners etc.

## 8.9 Corporate Social Responsibility (CSR)

The Depository donated an amount of GH¢ 5,000.00 to the Institute of Financial and Economic Journalists in 2015. This was designed to support the Institute's objectives of training financial and economic journalists for accurate financial and economic reporting in the country.

## 8.10 Membership of CSD in International Organisations

### International Securities Services Association (ISSA)

The Depository became a member of the International Securities Services Association (ISSA) in 2015. The aim of joining ISSA is to foster collaboration and knowledge sharing with the more experienced members of ISSA. This will in the long run assist CSD to develop and promote forward-thinking solutions that are efficient to mitigate risks factors in the country's securities market and to achieve the strategic objectives of the Depository. CSD will participate in its maiden meeting of ISSA in 2016. ISSA's aim is to disseminate white papers on developments in the rapidly changing securities markets globally and to facilitate the exchange of ideas and issues of interest among securities market professionals.

### Association of African and Middle East Depositories Association (AMEDA)

The Depository has been a member of the Association of African and Middle East Depositories Association (AMEDA) since 2011. The goal of AMEDA is to provide solutions and advice at international level on technical, economical, financial, legal and regulatory matters to reduce risk and increase efficiency in custody, pre-settlement and settlement arrangement for securities and related payments for the benefit of its members. The Association meet bi-annually to discuss global trends on matters affecting the securities industry. The Association also organise training programmes for its members during the annual meetings. In 2015, the Depository participated in all the two (2) meetings organised by AMEDA.

## 8.11 Changes in Settlement Cycle for Fixed Income Securities

The settlement cycle for fixed income securities was revised from T+0 to T+2 (Transaction date plus 2 business days) rolling cycle for both securities and funds legs effective September 14, 2015. Consequently, Rule 65 of the CSD Operational Rules was revised as follows:

- Settlement for transactions in equities shall be on T+3 rolling cycle;
- Settlement for transactions at the primary auction shall be on T+1 cycle; and
- Settlement for all secondary trades in debt securities shall be on T+2 rolling cycle.

Counter-parties to a trade can, however agree at the time of negotiation to settle earlier on bilateral basis, i.e. same day or T+1. The new settlement cycle was necessitated by concerns raised by some market participants. According to the market participants, transfer of funds from Custodian Clients takes longer time than usual particularly the offshore investors. This is largely due to time differentials in the various time zones hence some investors are often unable to transfer funds to Ghana on time for settlement on T+0. This in turn puts undue pressure on the affected market participants to settle the transactions on behalf of their clients. The T+2 settlement cycle will therefore allow sufficient time for foreign investors to transfer funds prior to the settlement day.

## 8.12 On-going Activities

### The New CSD System

The major on-going project of the CSD is the new CSD system. The final work on the new CSD is at its concluding stages for Go-Live on March 8, 2016.

### The New Registrar System

Another important project which is on-going is the acquisition and implementation of a new state of the art registrar system to enhance the activities of the registrar unit of the Depository.



### 8.13 Future Plans

The future plans of the Depository include the following:

- Introduction of Securities Lending and Borrowing into the country's securities market.
- Venturing into data warehousing to enhance the reporting and data analysis standards of securities market data.
- Intensification of public education about the activities of the Depository to the public.
- Introduction of SWIFT messaging and communication standards in transactions involving the securities component as is being applied now to the fund components of all transactions.



## 9.0 MARKET PERFORMANCE (STATISTICS)

### 9.1 Depository Participants (DPs)

As at the end of 2015, the number of Depository Participants (DPs) admitted by the Depository and are in good standing stood at sixty eight (68). The classification of the Depository Participants according to their line of business operations are indicated in table 1 below. Two (2) new DPs; First National Bank and Unibank Custody Services were admitted successfully by the Depository in 2015. During the year under review, none of the Depository Participants was suspended by the Depository.

Table 1 : Depository Participants (DPs)

Type of Institution	2014	2015
Commercial Banks/Apex Bank	29	30
Custodians	13	14
Brokerage/Discount	21	21
Investment Adviser	1	1
Central Bank	1	1
SSNIT	1	1
<b>Total</b>	<b>66</b>	<b>68</b>

### 9.2 Lists of Depository Participants (DPs)

The following, are the lists of the sixty eight (68) Depository Participants registered by the Depository as at the end of 2015.

#### Primary Dealers (Universal Banks)

- ARB Apex Bank Ltd.
- Access Bank Gh. Ltd
- ADB (Agricultural Development Bank)
- Bank of Africa (Gh) Ltd
- Barclays Bank of Ghana
- CAL Bank Ltd
- Ecobank Ghana Ltd
- Fidelity Bank Ghana Ltd
- GCB Bank Ltd
- Societe Generale Ghana
- Stanbic Bank Ghana Ltd
- Standard Chartered Bank Gh. Ltd
- United Bank for Africa (Ghana) Ltd
- Universal Merchant Bank

#### Non- Primary Dealers

##### A. Universal Banks

- Bank of Baroda (Ghana) Ltd
- BSIC Ghana Ltd
- Energy Bank (Ghana) Ltd
- First Atlantic Bank Ltd
- First National Bank
- FBN Bank (Ghana) Ltd
- Capital Bank Ltd
- Guaranty Trust Bank (Ghana) Ltd
- GN Bank Ghana Ltd
- HFC Bank Ltd
- National Investment Bank Ltd
- Prudential Bank Ltd
- The Royal Bank Ltd
- Unibank Ghana Ltd
- UT Bank Ltd
- Zenith Bank (Ghana). Ltd

##### B. Custodians

- Access Bank Custody Services
- Cal Bank Custody Service
- Ecobank Custody Services
- Fidelity Custody Services
- Guaranty Trust Bank Custody Service
- HFC Custody Services
- Standard Chartered Bank Custody Services
- Prudential Bank Custody Services
- Securities Services –Standard Chartered Bank
- Societe General Ghana Ltd
- UT Bank Custody Service
- Unibank Custody Services
- Universal Merchant Bank Custody
- Zenith Bank Custody Services





**C. Brokerage Firms**

1. African Alliance Securities Gh. Ltd.
2. Bullion Securities Ltd.
3. CAL Brokers Ltd.
4. CDH Securities Ltd.
5. Chapel Hill Denham Securities Gh. Ltd
6. Databank Brokerage Ltd.
7. DC Stockbrokers Ltd.
8. First Atlantic Brokers Ltd
9. FirstBanc Brokerage Services Ltd.
10. Gold Coast Securities
11. HFC Brokerage Services Ltd.
12. IC Securities Gh. Ltd.
13. Liberty Capital Gh. Ltd.
14. Merban Stockbrokers Ltd.
15. New World Securities Ltd.
16. NTHC Securities Ltd.
17. Prudential Securities Ltd.
18. SBG Securities Gh. Ltd.
19. SIC-Financial Services Ltd.
20. Strategic African Securities.
21. Worldwide Securities Ltd.

**D. Investment Adviser**

1. QFS Securities Ltd.

**E. Others**

1. Bank of Ghana
2. Social Security and National Insurance Trust (SSNIT)

**Issuers****A. Debt Securities**

The Depository holds debt instruments issued by the following issuers.

1. Government of Ghana
2. Bank of Ghana
3. Ghana Cocoa Board
4. Barclays Bank of Ghana
5. IZwe Loans Ltd.
6. Edendale Properties Plc.
7. Bayport Financial Services Ltd.
8. Afb Plc.

**B. Equity Securities**

The Depository holds both listed and unlisted equities issued by the following establishments

**Listed Equities on the Ghana Stock Exchange (GSE)**

1 African Champion Industries Ltd	15 GCB Bank Ltd.	29 Sam Woode Ltd
2 AngloGold Ashanti Ltd	16 Ghana Oil Company Ltd	30 SIC Insurance Company Ltd
3 AngloGold Ashanti Depository Shares	17 Golden Star Resources Ltd	31 Societe General Gh. Ltd
4 Aluworks Ltd	18 Golden Web Ltd	32 Samba Food
5 Ayrton Drug Manufacturing Ltd.	19 Guinness Ghana Breweries Ltd	33 Standard Chartered Bank Gh. Ltd
6 Benso Oil Palm Plantation	20 HFC Bank Ltd	34 Starwin Products Ltd
7 CAL Bank Ltd	21 Hords Ltd.	35 Total Petroleum Gh. Ltd
8 Camelot Gh. Ltd	22 Mechanical Llyod Company Ltd	36 Transactions Solutions Gh. Ltd
9 Clydestone Gh. Ltd	23 Mega African Capital Ltd.	37 Trust Bank Ltd ( The Gambia)
10 Cocoa Processing Company Ltd	24 Meridian Marshall	38 Tullow Oil PLC
11 Ecobank Gh. Ltd	25 NewGold Issuer Ltd	39 Unilever Ghana Ltd
12 Ecobank Transnational Inc.	26 Pioneer Kitchenware Ltd	40 UT Financial Services Ltd
13 Enterprise Group Ltd	27 Produce Buying Company Ltd	41 Intravenous Infusions Ltd
14 Fan Milk Ltd	28 PZ Cussons Gh. Ltd	



## Unlisted Equities

1. Accra Brewery Ltd
2. Accra Hearts of Oak Ltd
3. CFAO Ghana Ltd

In the equity market, a total of 7,260 new investors' accounts were opened in 2015. This increased the number of accounts opened by 8.80% from 82,481 during 2014 to 89,741 in 2015.

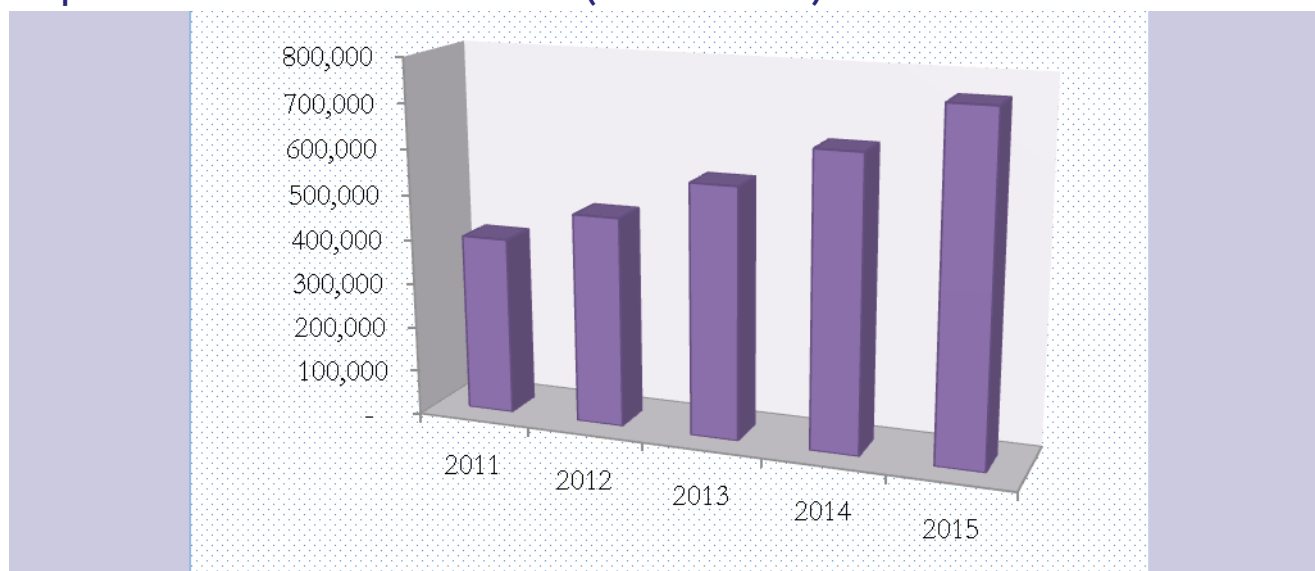
## 9.3 Clients Registration – Investors' Accounts

The number of investors' accounts opened with the Depository for dealings in debt securities as at the end of 2015 was 756,528. In 2015, a total of 109,316 new investors' accounts were opened by investors for dealings in the debt market. The number of investors' accounts increased by 16.89% from a figure of 647,212 in 2014 to 756,528 in 2015 as indicated in table 2.

Table 2 : Number of Investors' Accounts Opened

Year	New Accounts Registered	Total Investors Accounts
2011	40,536	396,682
2012	70,463	467,145
2013	89,692	556,837
2014	90,375	647,212
2015	109,316	756,528

Graph 1 : Number of Investors' Accounts (Debt Securities)



Source: CSD

## 9.4 PRIMARY MARKET ACTIVITIES

### 9.4.1 Issued Securities in the Debt Market

An amount of GH¢ 70.6 billion valued securities was issued by Government of Ghana (GoG), Bank of Ghana (BoG) and Cocoa Board (Cocobod) in 2015. The value of securities issued by GoG, BoG and Cocobod increased significantly by 50.03% from GH¢ 47.1 billion in 2014 to GH¢ 70.6 billion in 2015. The Government being the main driver of the country's securities market issued close to GH¢ 54.6 billion culminating to 77.32% of the GH¢ 70.6 billion securities issued by the three main issuers (GoG, BoG and Cocobod) in the country's debt market in 2015. On a year to year assessment, the value of securities issued by the Government in the primary market increased by 46.80% from GH¢ 37.2 billion in 2014 to GH¢ 54.6 billion during 2015. Bank of Ghana and Cocoa Board also issued about GH¢ 13.4 billion (19.03%) and GH¢ 2.6 billion (3.64%) respectively of the total value of securities

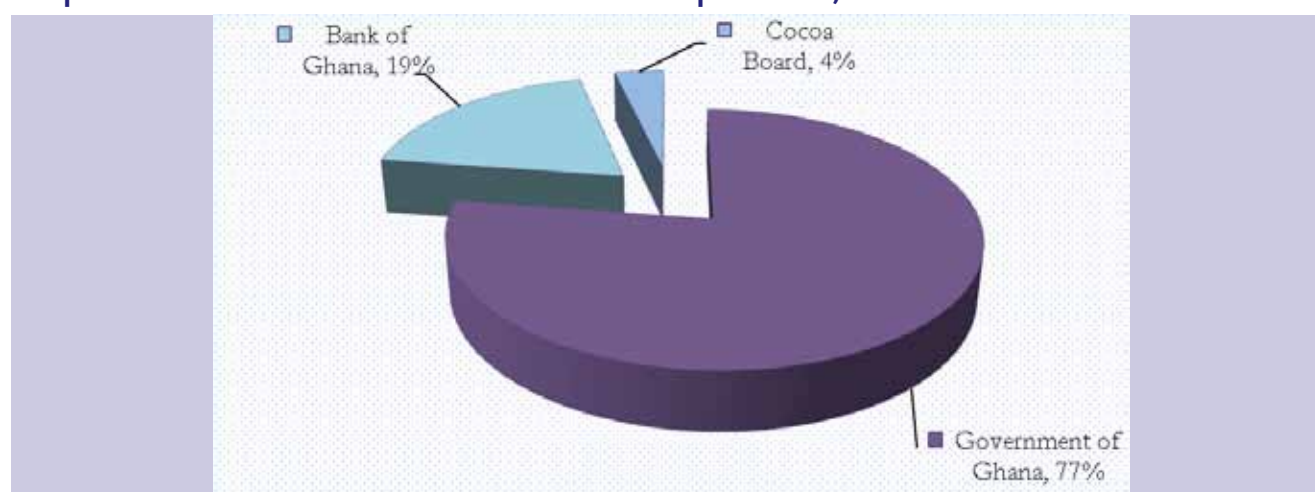
issued in 2015. Table 3 gives additional details on issued securities in 2015.

There was an upsurge of 59.18% in the value of securities budgeted by the three issuers (GoG, BoG and Cocobod) from GH¢ 48.7 billion in 2014 to GH¢ 77.5 billion for the period 2015. Investor appetite in the debt market continues to grow in Ghana. This is evidenced by the fact that, year on year results shows that, the value of bids submitted by investors increased by 56% from GH¢ 49.9 billion in 2014 to GH¢ 77.8 billion in 2015. Again the number of bids submitted for the various auctions held in 2015 by GoG, BoG and Cocobod was 1,357,190 out of which 1,291,917 bids were successfully accepted whilst 65,273 bids were rejected. The total value of bids submitted in 2015 was about GH¢ 77.8 billion out of which about 90.76% was accepted and issued by GoG, BoG and Cocobod.

**Table 3 : Securities Issued by GoG, BoG and Cocoa Board, 2015**

Issuer	Targeted Amount (GH¢)		Submitted Bids (GH¢)		Issued Amount (GH¢)		
	2014	2015	2014	2015	2014	2015	% Δ Change
Government of Ghana	37,323,681,053	55,999,002,979	38,437,477,314	60,750,322,947	37,207,099,847	54,620,918,768	46.80
Bank of Ghana	9,211,595,058	18,848,591,201	9,224,707,125	13,463,806,422	7,752,840,693	13,443,097,516	73.40
Cocoa Board	2,141,150,000	2,634,907,000	2,225,039,471	3,611,483,111	2,121,874,122	2,572,837,846	21.25
<b>Total</b>	<b>48,676,426,111</b>	<b>77,482,501,180</b>	<b>49,887,223,910</b>	<b>77,825,612,480</b>	<b>47,081,814,662</b>	<b>70,636,854,130</b>	<b>50.03</b>

**Graph 2 : Market Share of Issued Debt Securities per Issuer, 2015**



Source: CSD

### 9.4.2 Number of Debt Securities issued

The number of debt securities issued by GoG, BoG and Cocobod dropped from 307 in 2014 to 276 during 2015. The drop in the frequency of issued securities in 2015 is attributable to the restructuring of the issuance calendar from July, 2015 by the Ministry of Finance. Previously,

the 91 Day, 182 Day, 1 Year Note and 2 Year Note Government of Ghana securities were issued on weekly basis. But with the restructuring of the issuance calendar effective July, 2015, the 91 Day and 182 Day treasury bills are conducted weekly, the 1 Year Note every 2 weeks and the 2 Year Notes once a month, on Fridays.

**Table 4 : Number of Debt Securities Issued, 2015**

Name of Issuer	Tenure/Type of Security	No. of Times Issued		2015	
		2014	2015	Issued Amount (GH¢)	%
Government of Ghana	91 Day GoG	52	53	36,532,328,892	51.72
	182 Day GoG	52	53	12,793,526,971	18.11
	1 Year GoG	52	44	859,568,803	1.22
	2 Year GoG	52	39	1,646,713,028	2.33
	3 Year FXR Bond	3	4	2,070,417,682	2.93
	5 Year FXR Bond	-	2	718,363,392.00	1.02
Cocoa Board	182 Day Cocoa	8	8	2,572,837,846	3.64
Bank of Ghana	2 Week BoG	-	60	12383451741	17.53
	1 Month BoG	42	6	858,976,017	1.22
	56 Day BoG	-	1	33,220,619	0.05
	2 Month BoG	34	6	167,449,139	0.24
	9 Month BoG	10	-	-	-
Total		307	276	70,636,854,130	100.00

### 9.4.3 Additional Issues by Government of Ghana

In addition to GH¢ 54.6 billion securities issued by Government of Ghana during 2015 in the primary debt market, the Government of Ghana delivered additional treasury bills amounting to about GH¢ 2.2 billion to some institutional investors in settlement of foreign exchange swap transactions. This is a post primary market activity and was executed by increasing the stock of Government of Ghana Securities already issued in the primary market.

### 9.4.4 Debt Securities Issued by Corporate Organisations

The aggregate value of debt securities, issued by corporate organisations increased by 131.35% from GH¢ 98 million in 2014 to GH¢ 227 million in 2015. The increase in the securities issued by corporate organisations is largely due to the admission of new securities issued by Bayport Financial Services, Edendale Properties Plc. and afb Plc. which are new entrants into the securities market of Ghana. This was facilitated through the Ghana Alternative Market established by the Ghana Stock Exchange to enable small and medium scale enterprises to access the securities market to mobilise funds for their business activities. The corporate debts issued in 2015 recorded a weighted average interest rate of 28.20% per annum.

**Table 5 : Value of Issued Corporate Securities (Bonds)**

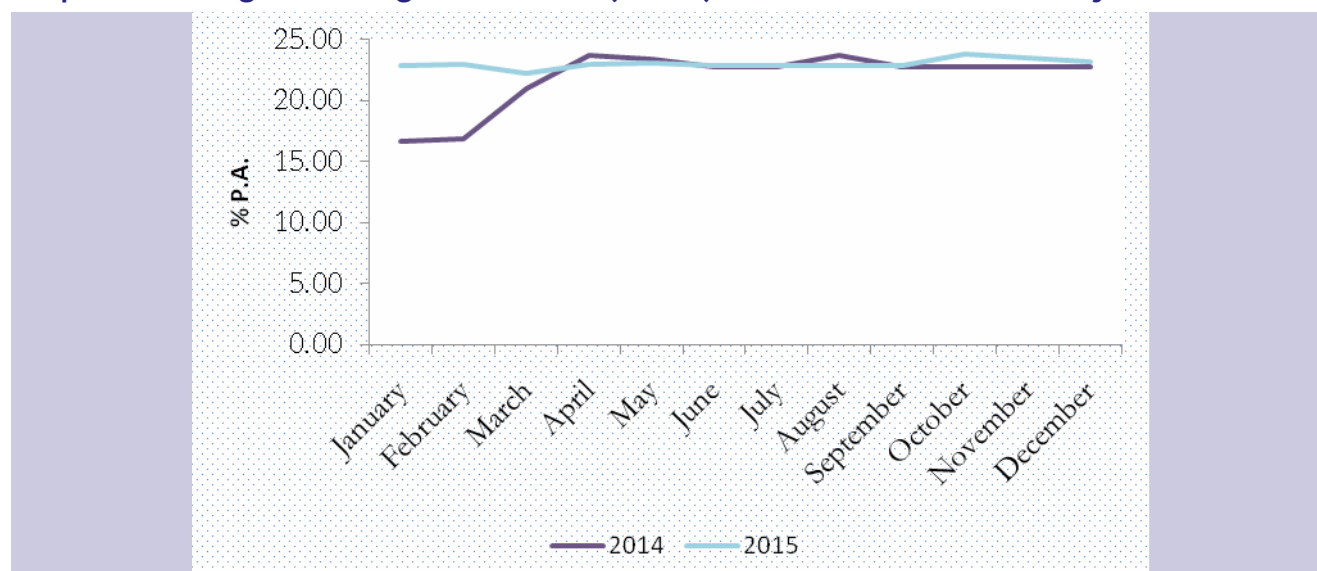
Name of Corporate Issuer	Amount (GH¢)		Weighted Avg. Rate (% P.A.) 2015	Number of Times Issued	
	2014	2015		2014	2015
afb Plc		53,984,630	29.45	-	11
Barclays Bank Of Ghana*	69,110,405	42,400,750	26.07	31	25
Bayport Financial Services	-	78,546,920	28.48	-	2
Edendale Properties	-	16774700	27.74	-	2
IZwe Loans	29,017,000	35,314,760	29.24	2	4
<b>Total</b>	<b>98,127,405</b>	<b>227,021,760</b>	<b>28..20</b>	<b>33</b>	<b>44</b>

\* Negotiable Certificate of Deposit

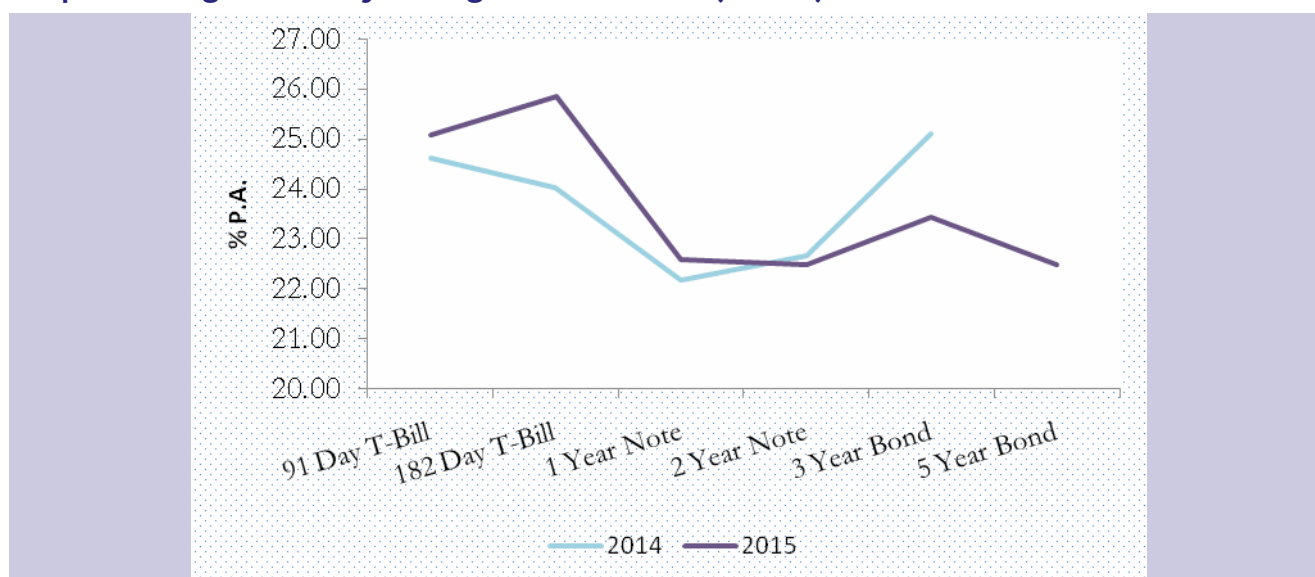
#### 9.4.5 Interest (Coupon) Rates on Government of Ghana Securities Issued in 2015

The overall weighted average interest rate of notes and bonds issued by Government of Ghana increased from 21.18% in 2014 to 22.85% in 2015. The weighted average monthly interest rates for issued GoG Notes & Bonds rose from 22.75% in January, 2015 to 23.07% in December, 2015. The month of November, recorded the

highest monthly average interest rate of 23.48%. The 91 Day T-Bill, 182 Day T-Bill, 1 Year T-Note, and the 2 Year T-Note recorded yearly weighted average interest rates of 25.07%, 25.84%, 2.60% and 22.48% respectively. The 3 Year and the 5 Year Bonds issued by Government of Ghana in 2015 had an average annual interest rate of 23.42% and 22.5% respectively.

**Graph 3: The weighted average interest rate (% P.A.) on notes and bonds issued by the Government**

Source: CSD

**Graph 4: Weighted Yearly Average Interest Rates (% P.A.) for GoG Securities**

Source: CSD

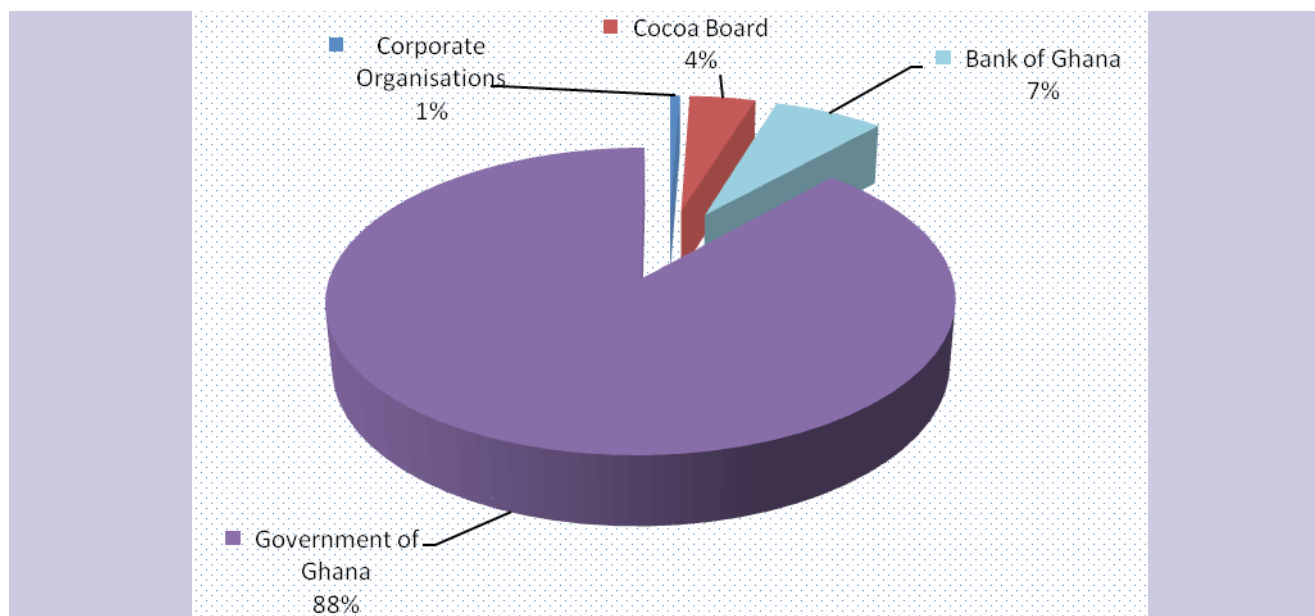
#### 9.4.6 Market Share of Outstanding Debt Securities per Issuer

The total value of all outstanding debt securities at the end of December, 2015 stood at GH¢ 32.9 billion, an increase of about 17% from GH¢ 28.1 billion in December, 2014. The outstanding securities comprises of securities issued by Government of Ghana, Bank of Ghana, Cocoa Board and five other

corporate institutions. Government of Ghana securities alone constitute about GH¢ 29.1 billion (88%) of the aggregate value of GH¢ 32.9 billion outstanding securities held with the Depository at the end of December, 2015. The market share of the entire outstanding securities issued by Bank of Ghana, Cocoa Board and the five corporate institutions are 7%, 4% and 1% respectively.

**Table 6 : Market Share of Outstanding Securities per Issuer, Dec., 2015**

Issuer	Face Value (GH¢)	Market Share (%)
AFB Loans Ltd	57,580,001	0.17
Bank of Ghana	2,256,763,551	6.86
Barclays Bank of Ghana	1,100,000	0.00
Government of Ghana	29,080,903,257	88.38
Cocoa Board	1,362,350,323	4.14
Edendale Properties Plc.	16,774,700	0.05
Bayport Financial Services	78,546,920	0.24
Ezwe Loans Ltd	49,889,760	0.15
Total	32,903,908,512	100.00

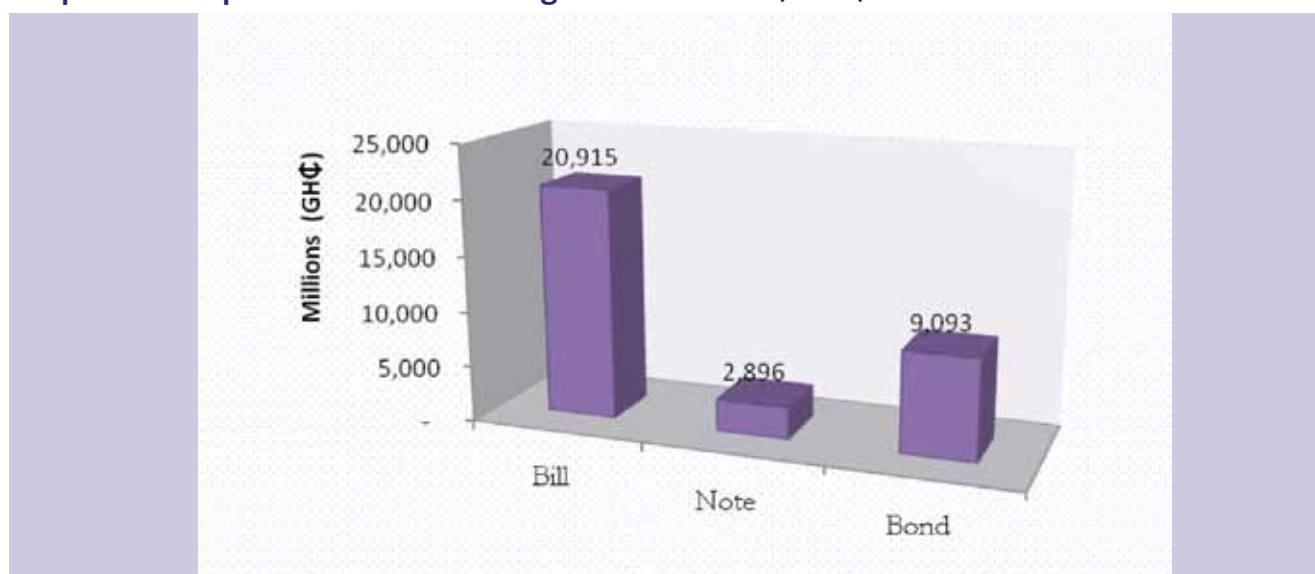
**Graph 5: Market Share of all Outstanding Debt Securities per Issuer at the end of Dec, 2015**

Source: CSD

#### 9.4.7 Composition of Outstanding Debt Securities as at the end of Dec., 2015

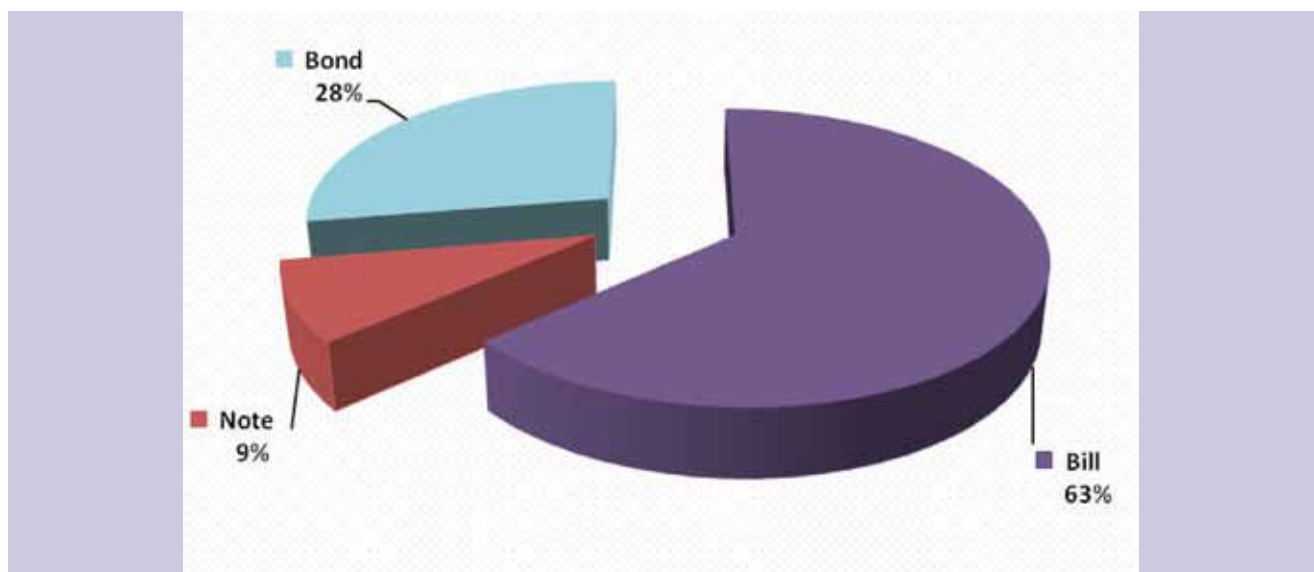
The country's debt market is dominated by short term instruments. This is evidenced by the fact that, at the end of December, 2015 out of the total outstanding securities of GH¢ 32.9 billion, about 63% and 9% were composed of

bills and notes respectively whilst the long term securities constitute about 28% of the entire outstanding securities. The lengthiest debt instrument ever issued in the country is the seven (7) year bond issued by Government of Ghana in August, 2013 and re-opened in the same year in November, 2013.

**Graph 6: Composition of Outstanding Debt Securities, Dec., 2015**

Source: CSD



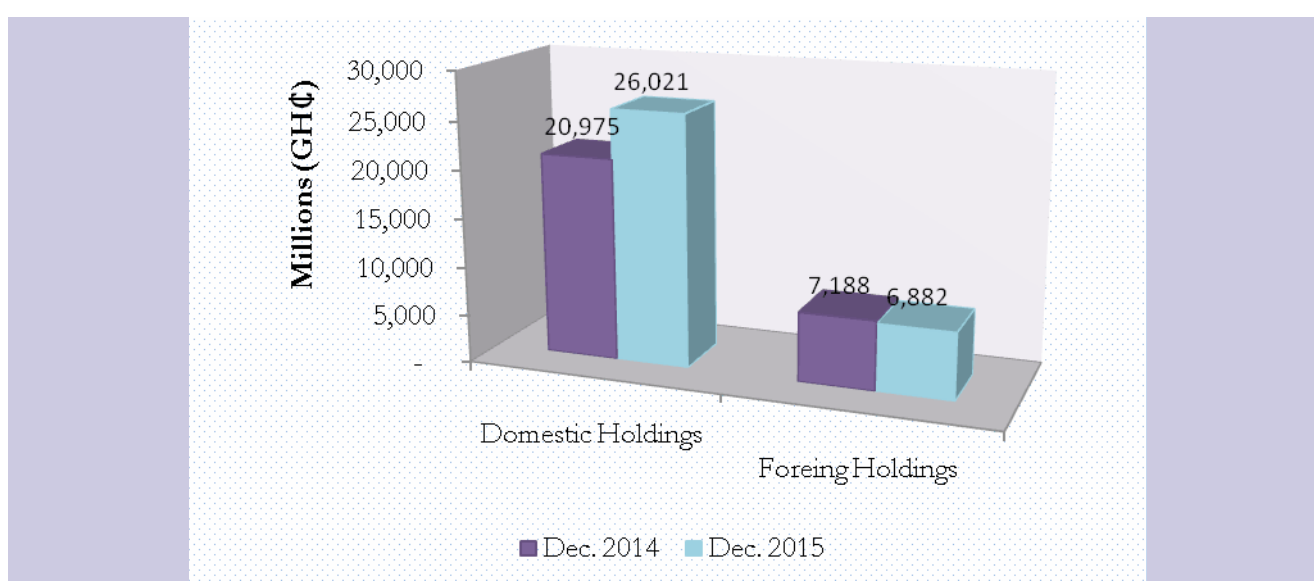
**Graph 7: Composition of Outstanding Debt Securities, Dec., 2015**

Source: CSD

#### 9.4.8 Holdings of Investors in Debt Securities

The face value of holdings of investors held by the Depository at the end of December, 2015 was GH¢ 32.9 billion. Foreign investors owned about GH¢ 6.9 billion (20.92%) of the total securities held by the Depository whilst various categories of domestic investors retained about GH¢ 26 billion. The Universal Banks owned about 37.21% with Bank of Ghana owning 4.45% of the total value of outstanding securities as at the end of 2015.

Year on year comparison shows that the value of securities owned by foreign investors in the country's securities market declined marginally by 4% from GH¢ 7.2 billion in December, 2014 to GH¢ 6.9 billion in December, 2015. During the same period, the value of domestic holdings increased significantly by 24.06% from GH¢ 20 billion to almost GH¢ 26 billion.

**Graph 8: Market Share of Domestic and Foreign Investors Holdings in Outstanding Debt Securities**

Source: CSD

Table 7: Distribution of Outstanding Debt Securities as at Dec., 2015

SHORTNAME CLIENTYPES	BANK OF GHANA (GH¢)	COMMERCIAL BANKS (GH¢)	FIRMS & INST (GH¢)	INSURANCE CO. (GH¢)	FOREIGN INVESTORS (GH¢)	RURAL BANKS (GH¢)	SSNIT (GH¢)	OTHERS (GH¢)	Total (GH¢)
2 WK BOG BILL	-	2,163,460,007	69,524,137	-	-	-	20,000,000	3,779,407	2,256,763,551
91 DAY GOG BILL	168,568,031	1,582,290,083	3,108,229,296	26,850,874	-	283,814,822	199,861,728	3,853,642,091	9,223,256,925
182 DAY GOG BILL	278,775,845	5,393,686,344	1,549,828,817	104,254,102	-	74,128,550	120,840,293	550,029,095	8,071,543,046
182 DAY BBG BILL	-	-	1,000,000	-	-	-	-	-	1,000,000
182 DAY CMB BILL	131,050,000	1,051,762,319	143,267,076	8,564,916	-	-	27,436,012	270,000	1,362,350,323
1 YR FLR AFB NOTE	-	-	8,279,730	600,000	-	-	-	-	8,879,730
1 YR FXR BBG NOTE	-	100,000	-	-	-	-	-	-	100,000
1 YR FXR GOG NOTE	208,668	304,318,746	284,533,628	747,000	-	25,504,652	79,878,401	81,485,656	776,676,751
2 YR FLR ILL NOTE	-	-	8,686,000	1,224,000	-	-	-	90,000	10,000,000
2 YR FLR AFB NOTE	-	-	13,706,450	-	-	-	-	-	13,706,450
2 YR FXR GOG NOTE	678,635	783,230,795	847,686,973	18,599,705	346,320,000	40,468,054	17,813,526	31,546,674	2,086,344,362
3 YR FLR AFB BOND	-	-	24,627,571	-	4,000,000	-	-	94,800	28,722,371
3 YR FXR AFB BOND	-	-	3,271,450	-	3,000,000	-	-	-	6,271,450
3 YR FXR GOG BOND	388,876,421	630,908,384	341,140,440	12,507,700	3,809,284,146	5,400,000	11,200,000	13,482,690	5,212,799,781
3 YR FXR ILL BOND	-	-	9,977,000	-	-	-	-	23,000	10,000,000
3 YR FLR ILL BOND	-	-	21,422,760	1,359,000	-	-	-	108,000	22,889,760
3 YR FXR EPL BOND	-	-	7,600,000	-	-	-	-	-	7,600,000
3 YR FLR EPL BOND	-	-	9,174,700	-	-	-	-	-	9,174,700
3 YR FLR BFS BOND	-	-	9,272,260	-	-	-	-	-	9,272,260
3 YR FXR BFS BOND	-	-	58,994,660	2,000,000	8,000,000	-	-	280,000	69,274,660
5 YR FLR ILL BOND	-	-	6,320,000	500,000	-	-	-	180,000	7,000,000
5 YR FXR GOG BOND	316,437,000	317,814,095	90,894,535	6,100,000	2,711,834,250	5,000,000	55,826,387	4,656,125	3,508,562,392
7 YR FXR GOG BOND	178,000,000	17,000,000	1,720,000	-	-	-	5,000,000	-	201,720,000
Total	1,462,594,600	12,244,570,773	6,619,157,483	183,307,297	6,882,438,396	434,316,078	537,856,347	4,539,667,538	32,903,908,512
%	4.45	37.21	20.12	0.56	20.92	1.32	1.63	13.80	100.00



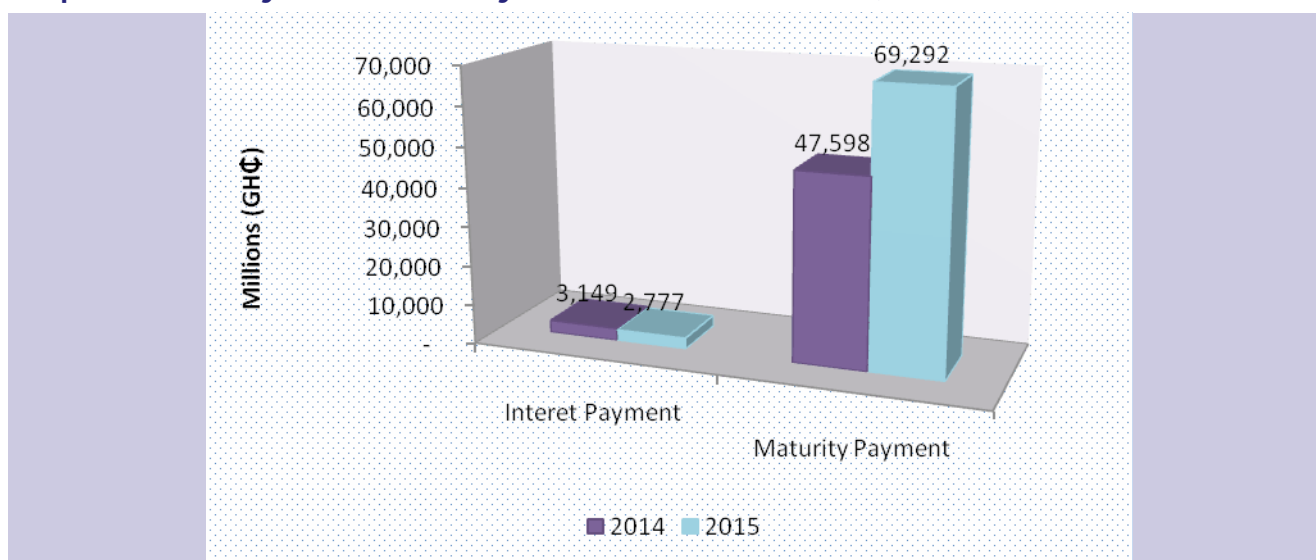
## 9.5 SECONDARY MARKET ACTIVITIES

### 9.5.1 Corporate Action (Interest and Maturity Payments)

The value of debt securities processed and paid to investors as corporate action in 2015 was approximately GH¢ 72.1 billion and was paid to 1,350,799 beneficiary investors. Year on year results indicate that, the value of corporate action processed and paid to investors increased by 42.01% from GH¢ 50.7 billion which was paid to 1,202,719 investors in 2014. Out of the total amount of corporate action processed by the Depository in 2015, about 96.15% and 3.85% were paid as maturity and interest payments respectively. The Government

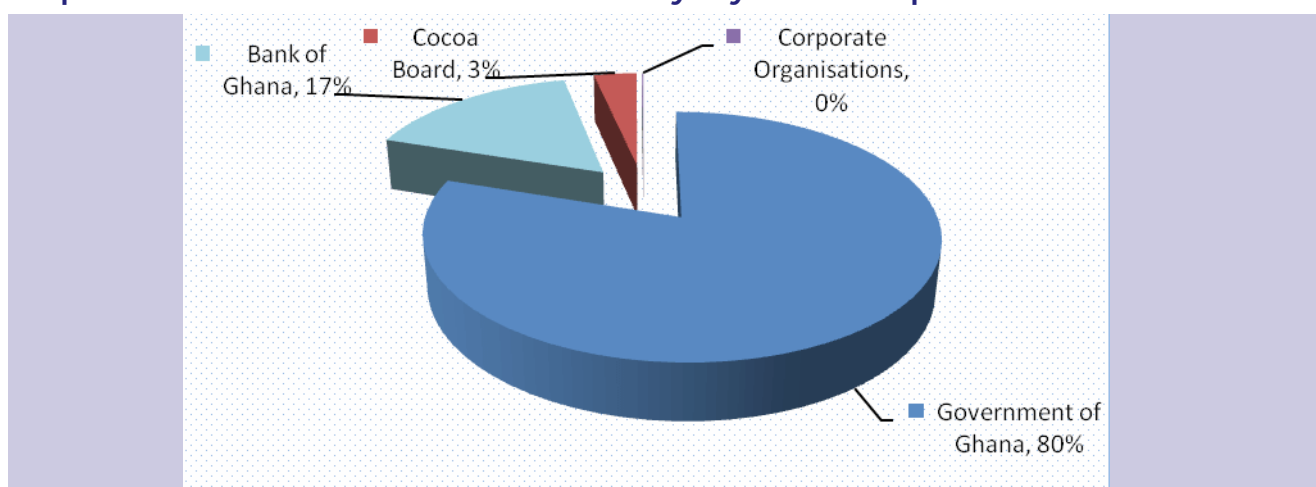
of Ghana being the largest issuer in the country's debt market, paid nearly GH¢ 57.7 billion constituting about 88% of the value of total corporate action paid in 2015 by the various issuers. Bank of Ghana paid GH¢ 11.9 billion whilst Cocobod and other Corporate Organisations paid GH¢ 2.4 billion and GH¢ 81 million respectively. The 91 Day Government of Ghana securities formed about 51% of the total corporate action paid in 2015. The only corporate action processed by the Depository on behalf of a corporate organisation is the Negotiable Certificate of Deposit issued by Barclays Bank of Ghana. Corporate actions by other corporate bodies are executed through their Trustees.

**Graph 9: Maturity and Interest Payments for Debt Securities, 2015**



Source: CSD

**Graph 10: Market Share of Interest and Maturity Payments Paid per Issuer in 2015.**



Source: CSD

**Table 8 : Corporate Action (Maturity and Interest Payments)**

Name of Issuer	Corporate Action Type	Security Type	Number of Beneficiaries		Amount Paid (GH¢)			
			2014	2015	2014	%	2015	%
Bank of Ghana	MP	14 Day BoG Bill		517			10,103,757,455	14.02
Government of Ghana	MP	28 Day GoG Bill		9			191,852,433	0.27
Bank of Ghana	MP	56 Day BoG Bill		1			33,220,619	0.05
Government of Ghana	MP	56 Day GoG Bill		1			217,575	0.00
Bank of Ghana	MP	1 Month BoG Bill	428	60	7,606,353,758	14.99	1,225,883,330	1.70
Bank of Ghana	MP	2 Month BoG Bill	101	35	572,962,354	1.13	512,550,348	0.71
Bank of Ghana	MP	9 Month BoG Bill	260	5	1,694,614,137	3.34	34,113,497	0.05
Government of Ghana	MP	91 Day Bill	1,082,655	1,220,220	25,928,925,648	51.09	36,081,984,811	50.07
Barclays Bank of Ghana	MP	91 BBG NCD	105	15	37,926,624	0.07	20,405,522	0.03
Barclays Bank of Ghana	MP	182 Day BBG		124			52,285,009	0.07
Government of Ghana	MP	182 Day Bill	62,961	74,941	4,030,560,765	7.94	11,636,299,937	16.15
Cocoa Board of Ghana	MP	182 Day Cocoa Bill	56	316	1,560,636,538	3.08	2,366,691,006	3.28
Bank of Ghana	MP	1 Year BoG Note	1		616,650,000	1.22		0.00
Barclays Bank of Ghana	MP	1 Year BBG		1			200,000	0.00
Government of Ghana	MP	1 Year Fixed Note	14,572	13,397	2,233,625,007	4.40	1,261,109,815	1.75
Government of Ghana	MP	2 Year Fixed Note	1,702	2,949	1,419,277,328	2.80	2,355,310,342	3.27
Government of Ghana	MP	3 Year Fixed Bond	92	348	1,896,356,043	3.74	3,213,185,733	4.46
Government of Ghana	MP	3 Year FLR Bond		7			202,531,646	0.28
Sub-Total			1,162,933	1,312,946	47,597,888,202	93.79	69,291,599,078	96.15
Barclays Bank of Ghana	IP	91 BBG NCD	105	15	2,388,173	0.00	1,323,189	0.00
Barclays Bank of Ghana	IP	182 Day BBG		124			6,952,712	0.01
Bank of Ghana	IP	1 Year BoG Note	2		117,163,500	0.23		0.00
Barclays Bank of Ghana	IP	1 Year BBG NCD		2			47,000	0.00
Government of Ghana	IP	1 Year Fixed Note	28,428	26,739	398,042,427	0.78	280,420,663	0.39
Ezwe Loans Ltd	IP	1 Year EZWE Note	7	-	1,312,602	0.00	-	0.00
Government of Ghana	IP	2 Year Fixed Note	9,547	8,717	833,220,570	1.64	549,734,588	0.76
Government of Ghana	IP	3 Year Fixed Bond	1,100	1,582	1,186,429,697	2.34	1,266,275,656	1.76
Government of Ghana	IP	5 Year Fixed Bond	548	634	525,783,613	1.04	601,290,210	0.83
Government of Ghana	IP	7 Year Fixed Bond	35	32	35,801,775	0.07	35,801,775	0.05
Government of Ghana	IP	3 Year Floating Bond	14	8	49,108,536	0.10	34,804,150	0.05
Sub-Total			39,786	37,853	3,149,250,893	6.21	2,776,649,943	3.85
Grand Total			1,202,719	1,350,799	50,747,139,095	100.00	72,068,249,021	100.00

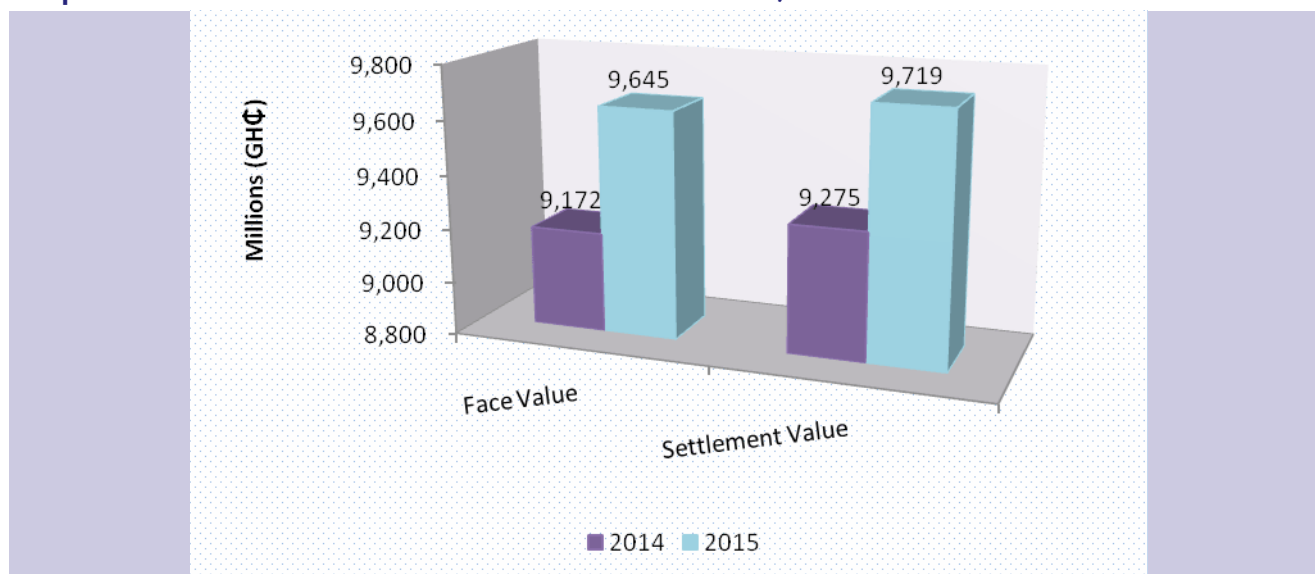
### 9.5.2 Over-the-Counter (OTC) Trades/ Pre-Negotiated Trades for Debt Securities

The number of OTC transactions reported over the years increased by 13.11% from 40,335 in 2014 to 45,622 during 2015. The total face value and settlement value of all OTC trades reported in 2015 were about GH¢ 9.6 billion and GH¢ 9.7 billion respectively compared to a face value and settlement value of about GH¢ 9.1 billion and GH¢ 9.3

billion respectively in 2014. The 91 Day GoG treasury bills were the most traded securities for the year with 36,142 transactions. In terms of the value of debt securities traded in 2015, the 3 Year GoG bonds are the securities with the most traded value of GH¢ 5,365 million and constituted about 55% of the total value of OTC trades reported by market participants in 2015 in table 9 below.

**Table 9: Over-the-Counter (OTC) Trades/ Pre-Negotiated Trades for Debt Securities**

Type of Security	Number of Trades		Face Value (GH¢)		Settlement Amount (GH¢)			
	2014	2015	2014	2015	2014	%	2015	%
2 Week BoG Bill	-	66	-	43524226	-	-	43202087.59	0.44
1 Month BoG Bill	-	1	-	7000	-	-	6942.96	0.00
2 Month BoG Bill	2	1	21,625,290	21,165,290	21,226,110	0.23	20,772,589	0.21
9 Month BoG Bill	13	-	16,279,342		15,417,960	0.17		0.00
91 Day GoG Bill	31,819	36,142	883,237,825	625,048,164	849,113,758	9.16	598,276,967	6.16
91 Day BBG NCD	124	13	55,810,032	15,619,795	55,844,049	0.60	15,621,025	0.16
182 Day Bill	4,474	4,970	651,788,906	756,147,733	595,418,763	6.42	709,269,027	7.30
182 Day BBG NCD	92	-	32,366,630	-	32,404,316	0.35	-	0.00
182 Day Cocoa Bill	89	650	310,969,507	955,835,769	286,779,535	3.09	902,236,911	9.28
1 Year Note	1,430	1,091	72,746,180	14,385,943	75,709,691	0.82	15,162,855	0.16
1 Year BBG NCD	1	2	200,000	200,000	200,105	0.00	204,610	0.00
2 Year Note	348	266	296,546,108	681,227,161	309,550,517	3.34	694,588,668	7.15
3 Year Fixed Rate Bond	1,385	1,817	5,573,233,447	5,206,227,884	5,713,881,528	61.61	5,365,018,560	55.20
3 Year Izwe Floating Bond	2	-	534,000	-	541,255	0.01	-	0.00
5 Year Fixed Rate Bond	553	603	1,235,475,863	1,325,191,728	1,299,981,740	14.02	1,354,976,461	13.94
7 Year Fixed Rate Bond	3	-	21,000,000	-	18,741,740	0.20	-	0.00
<b>Total</b>	<b>40,335</b>	<b>45,622</b>	<b>9,171,813,130</b>	<b>9,644,580,693</b>	<b>9,274,811,067</b>	<b>100.00</b>	<b>9,719,336,702</b>	<b>100.0</b>

**Graph 11: Over-the-Counter Trades for Debt Securities, 2015**

Source: CSD

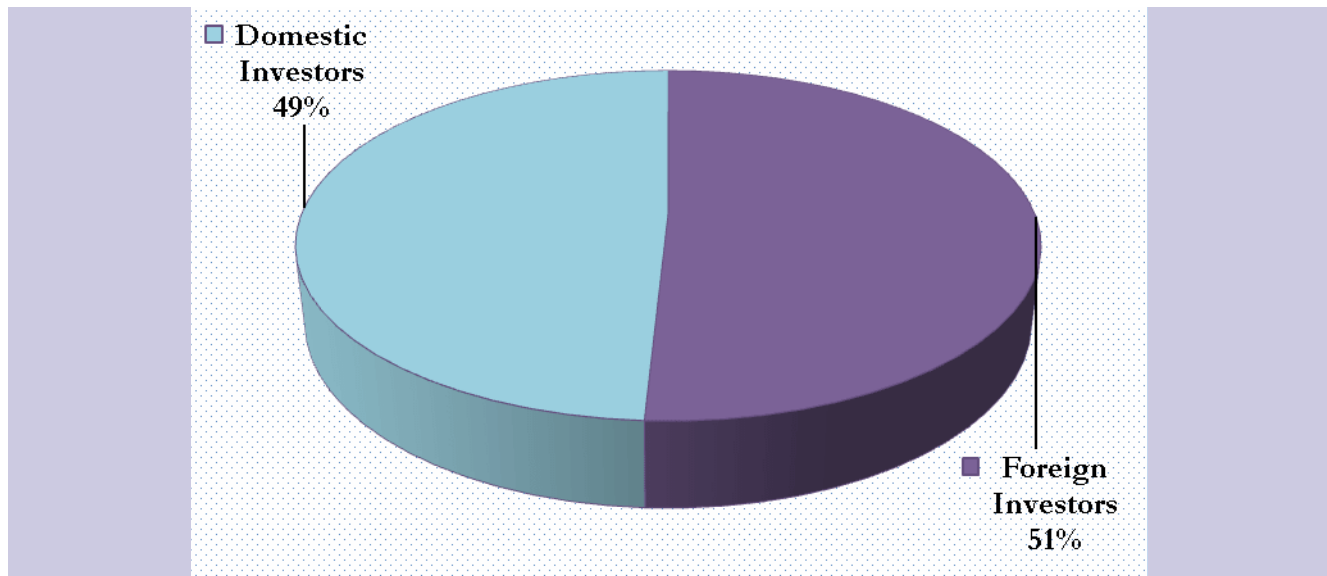
### 9.5.3 Distribution of OTC Trades between Domestic and Foreign Investors

The OTC market witnessed the sale of GH¢ 4.9 billion and purchase of GH¢ 4.6 billion debt securities by foreign investors culminating to about 51% and 46% respectively

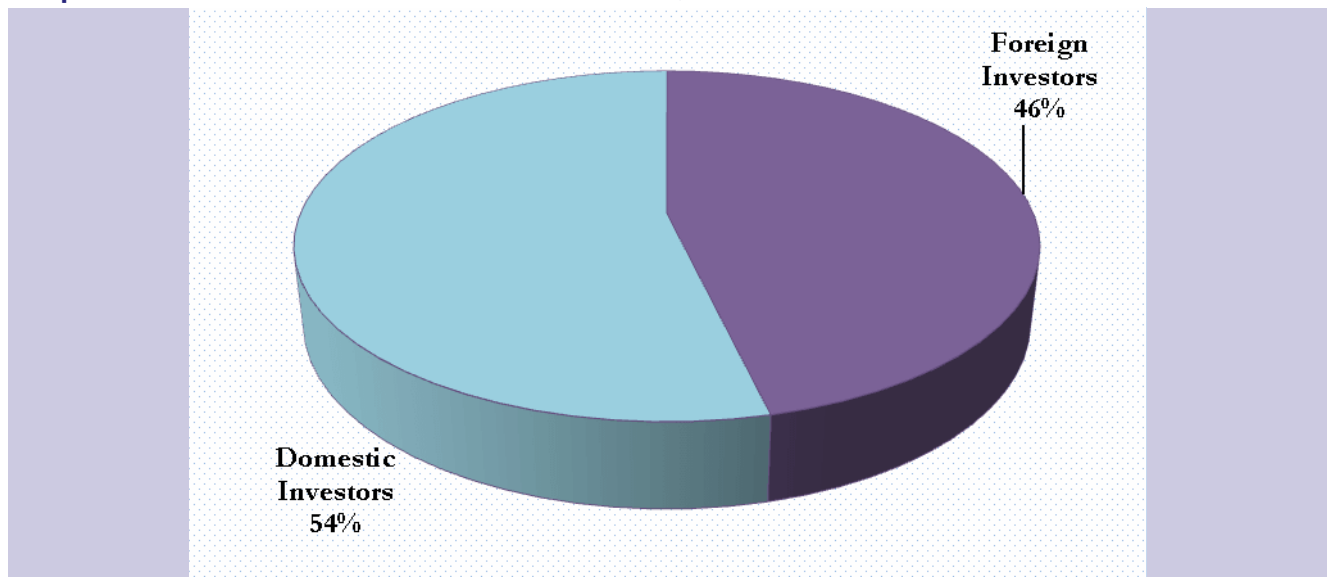
of all OTC trades undertaken in 2015. Domestic investors also sold close to GH¢ 4.7 billion amounting to 49% of the entire value of traded debt securities sold in 2015 as indicated in table 10 below

**Table 10: Distribution of OTC Trades between Domestic and Foreign Investors, 2015**

Investor Type	Purchased (GH¢)		Sold (GH¢)	
	Face Value	Settlement Value	Face Value	Settlement Value
Foreign Investors	4,463,045,376	4,577,337,603	4,903,440,539	5,019,001,392
Domestic Investors	5,181,535,317	5,141,999,099	4,741,140,154	4,700,335,310
<b>Total</b>	<b>9,644,580,693</b>	<b>9,719,336,702</b>	<b>9,644,580,693</b>	<b>9,719,336,702</b>

**Graph 12: Distribution of OTC Trades (Sold by Domestic and Foreign Investors), 2015**

Source: CSD

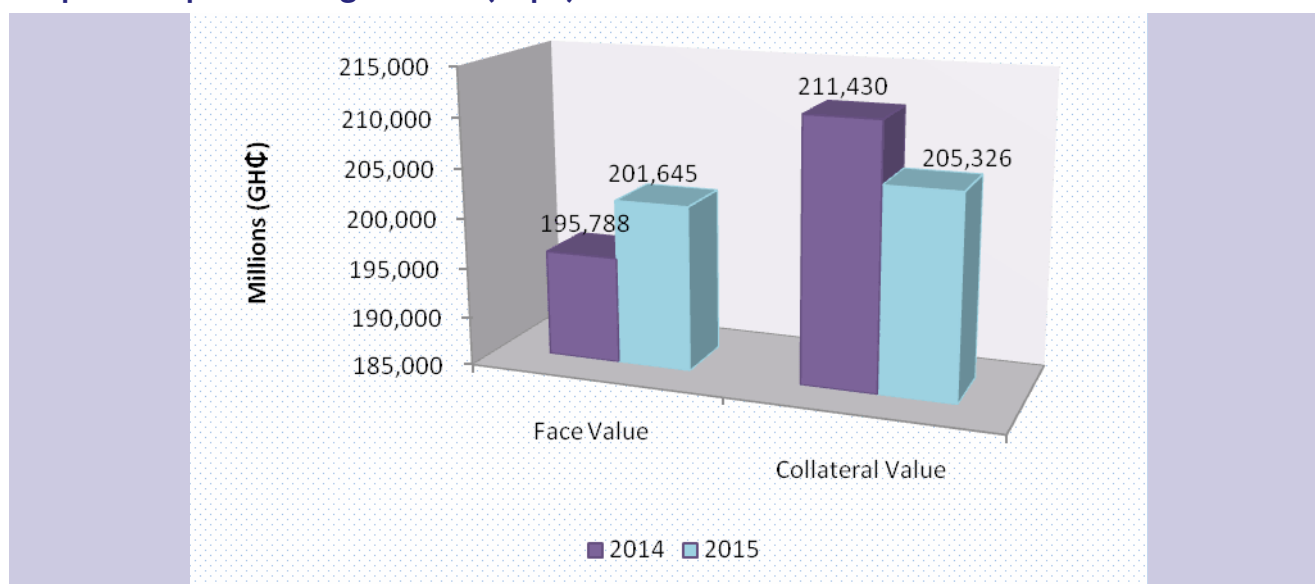
**Graph 13: Distribution of OTC Trades Purchased, 2015**

Source: CSD

**9.5.4 Repurchase Agreement (Repo)**

The repo market recorded a downward trend in the number of repo transactions by 10.9% from 9,985 in 2014 to 8,928 in 2015. Even though the number of repo transactions declined, the face value of repo transactions increased marginally by about 2.99% from GH¢ 195.8

billion during 2014 to GH¢ 201.6 billion in 2015. During the same period, the collateral value of securities used in all the repo transactions experienced a downturn of 2.89% from GH¢ 211.4 billion in 2014 to GH¢ 205.3 billion in 2015.

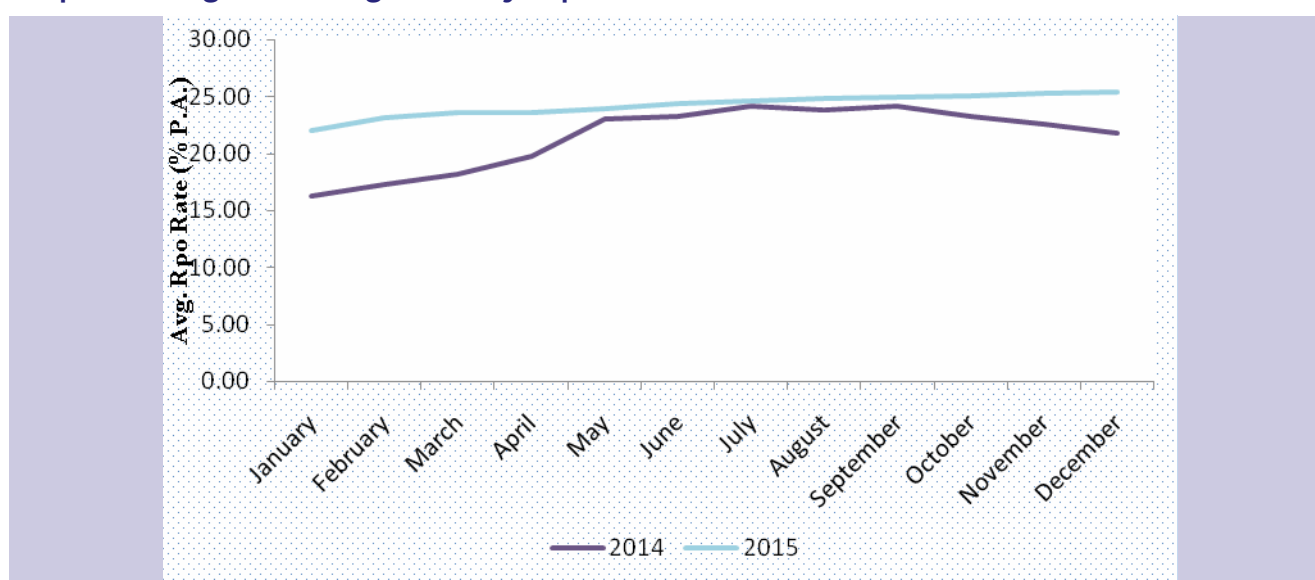
**Graph 14: Repurchase Agreement (Repo)**

Source: CSD

**9.5.5 Repo Rates**

Year on year results of the weighted average repo rate shows an increase to 24.23% in 2015 from 21.40% in

2014. The average monthly repo rates also rose from 22.04% in January to 25.4% in December, 2015.

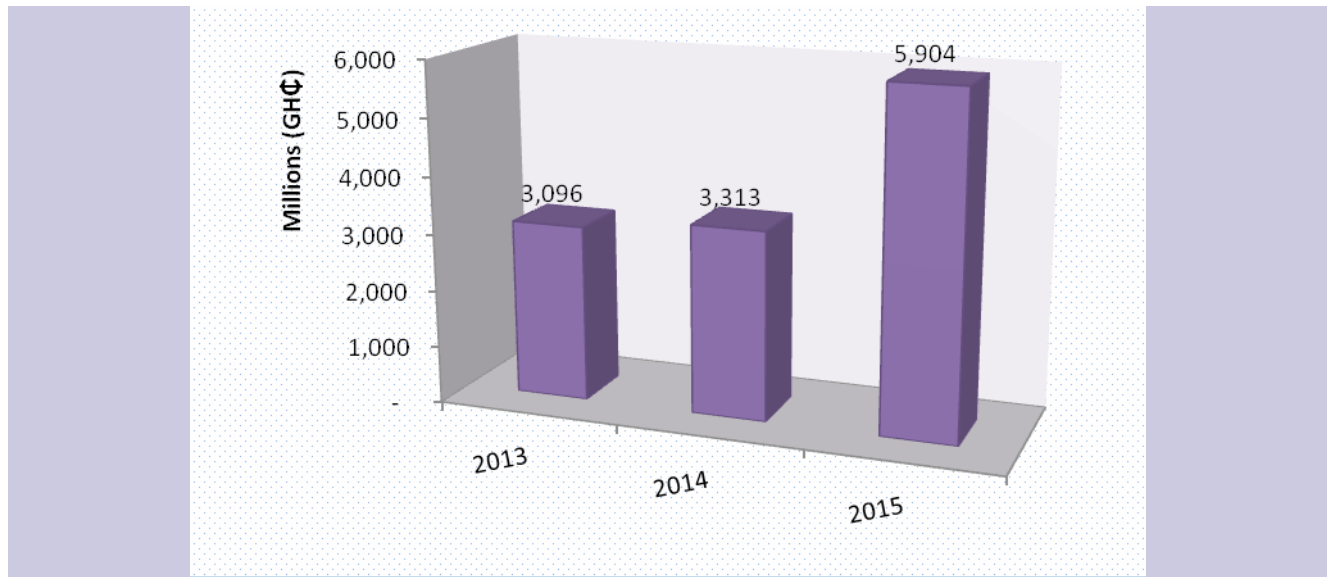
**Graph 15: Weighted Average Monthly Repo Rates, 2014 & 2015**

Source: CSD

**9.5.6 Pledges**

The value of debt securities pledged by investors to collateralise their loans and other facilities obtained from financial institutions increased by 78.19% from a face value

of GH¢ 3.3 billion in 2014 to GH¢ 5.9 billion in 2015. The number of pledge transactions, however increased from 666 during 2014 to 1,068 in 2015

**Graph 16: Value of Pledge Transactions**

Source: CSD

## 9.6 EQUITY

### 9.6.1 Volume of Shares in the Depository

Out of 10,247,567,845 volume of shares issued in the equity market, a volume of 8,980,513,201 (87.64%)

shares were electronically held by the Depository in 2015. The volume of shares held by the Depository increased from 8,492,059,732 in 2014 to 8,980,513,201 in 2015.



Table 11: Volume of Shares Held in the Depository, Dec., 2015

Listed Companies	Shares in CSD	Issued Shares Listed	% in CSD
African Champion Industries Ltd (ACI)	14,708,743	36,500,264	40.30
AngloGold Ashanti Ltd (AGA) *	6,439,886	11,566,655	55.68
AngloGold Ashanti Depository Shares (AADS)	1,719,645	27,565,392	6.24
Aluworks Ltd (ALW)	229,760,822	236,685,180	97.07
Aytorn Drug Manufacturing Ltd (AYRTN)	211,118,662	215,000,000	98.19
Benso Oil Palm Plantation (BOPP)	31,902,561	34,800,000	91.67
CAL Bank Ltd (CAL)	517,042,898	548,261,549	94.31
Clydestone (Ghana) Ltd (CLYD)	7,991,999	34,000,000	23.51
Camelot Ghana Ltd (CMLT)	5,164,903	6,829,276	75.63
Cocoa Processing Company Ltd (CPC)	1,964,675,129	2,038,074,176	96.40
Ecobank Ghana Ltd (EBG)	287,951,605	293,228,372	98.20
Enterprise Group Ltd (EGL)	123,397,621	133,100,825	92.71
Ecobank Transnational Inc. Ltd (ETI) *	2,329,083,944	2,572,308,103	90.54
Fan Milk Ltd (FML)	107,876,699	116,207,288	92.83
Ghana Commercial Bank Ltd (GCB)	222,516,329	265,000,000	83.97
Guinness Ghana Breweries Ltd (GGBL)	171,732,038	211,338,142	81.26
Ghana Oil Company Ltd (GOIL)	234,917,970	252,223,488	93.14
Golden Star Resources Ltd (GSR) *	83,536	175,745	47.53
Golden Web Ltd (GWEB)	17,303,702	35,000,000	49.44
HFC Bank Ltd (HFC)	294,614,496	297,420,000	99.06
Mega African Capital Ltd (MAC)	9,118,469	9,708,576	93.92
Mechanical Lloyd Company Ltd (MLC)	39,143,795	50,095,925	78.14
NewGold (GLD)	50,000	200,000	25.00
Pioneer Kitchenware Ltd (PKL)	26,559,334	33,341,167	79.66
Produce Buying Company Ltd (PBC)	439,630,916	480,000,000	91.59
PZ Cussons Ghana Ltd (PZC)	9,110,401	168,000,000	5.42
Standard Chartered Bank Gh. Ltd (SCB)	109,456,194	115,507,284	94.76
Standard Chartered Preference Shares	1,306,059	17,480,000	7.47
SIC Insurance Company Ltd (SIC)	183,701,674	195,645,000	93.90
Starwin Products Ltd (SPL)	208,567,257	259,810,000	80.28
Societe Generale Ghana (SOGEGH)	346,804,246	367,281,269	94.42
Sam Woode Ltd (SWL)	17,994,632	21,828,035	82.44
Trust Bank Ltd (The Gambia) (TBL)	5,733,782	7,030,293	81.56
Tullow Oil Plc (TLW) *	2,043,070	2,043,162	100.00
Total Petroleum Ghana Ltd (TOTAL)	19,611,283	111,874,072	17.53
Transaction Solutions (Ghana) Ltd (TRANSOL)	23,245,639	80,000,000	29.06
Unilever Ghana Ltd (UNIL)	15,698,550	62,500,000	25.12
UT Bank Ltd (UTB)	439,145,085	456,310,181	96.24
<b>Total (A)</b>	<b>8,676,923,574</b>	<b>9,803,939,419</b>	<b>88.50</b>

COMPANIES LISTED UNDER GAX			
Hords Limited (HORDS)	114,947,561	114,947,561	100.00
Meridian Marshalls (MMH)	96,084,166	96,084,166	100.00
Samba Foods Ltd (SAMBA)	5,975,053	5,975,453	99.99
Intravenous Infusions Limited	86,582,847	226,621,246	38.21
<b>Total (B)</b>	<b>303,589,627</b>	<b>443,628,426</b>	<b>68.43</b>
<b>Overall (A + B) % of Equity in CSD</b>	<b>8,980,513,201</b>	<b>10,247,567,845</b>	<b>87.64</b>



### 9.6.2 Market Turnover

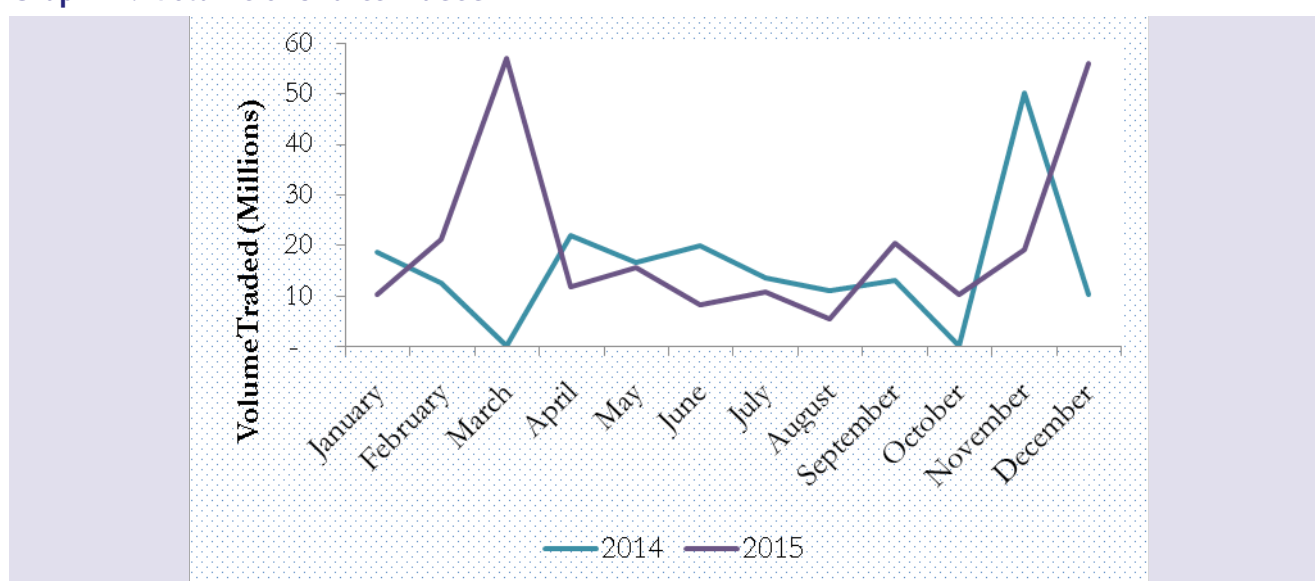
The volume of shares traded increased by 18.76% from 207,496,133 in 2014 to 246,428,362 in 2015. During the same period, the value of traded shares declined by 28.42% from GH¢ 345.9 million in 2014 to GH¢ 247.6 million in 2015. The sectorial distribution of shares traded in 2015, indicates that the manufacturing sector is the sector with the highest volume of traded shares forming

about 38.01% of all the shares traded in 2015. This was followed by the financial sector which traded about 32.04% of the entire volume of shares traded in 2015. In terms of the value of shares traded, the financial sector was the sector with the highest value of traded shares constituting about 48.92% of the entire value of shares traded in 2015.

**Table 12 : Volume and Value of Equity Trades**

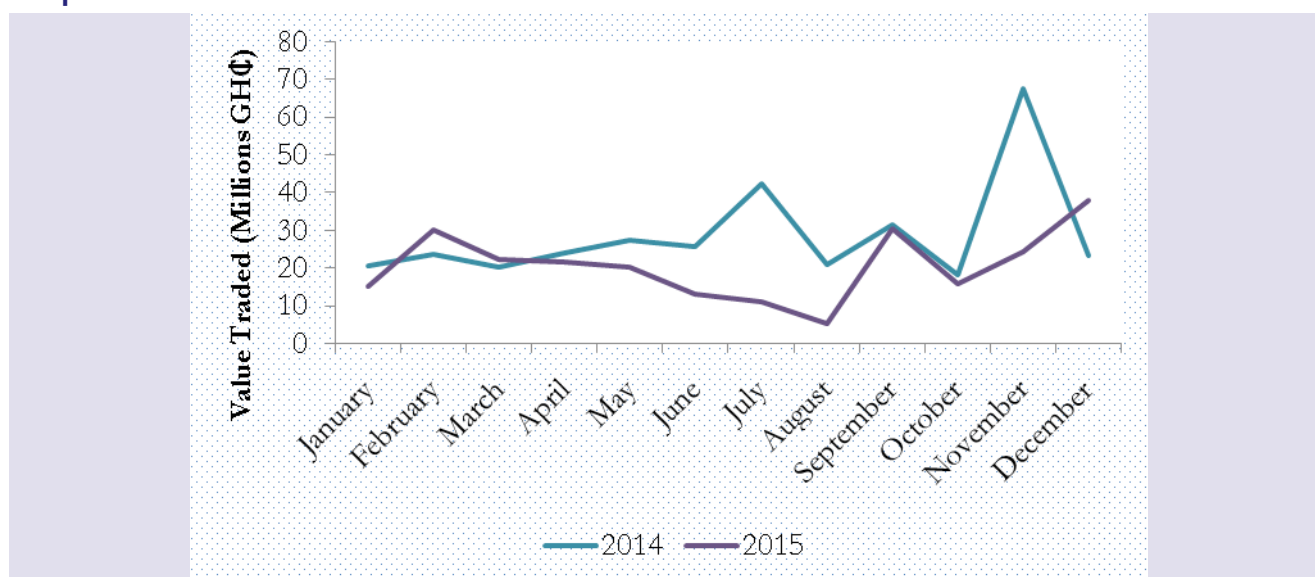
Month	2014		2015	
	Volume	Value (GH¢)	Volume	Value (GH¢)
January	18,552,660	20,686,970.14	10,255,338	15,232,797.45
February	12,521,834	23,671,773.73	21,289,042	30,192,037.85
March	9,965,874	20,389,737.36	5,713,804	22,387,046.83
April	21,799,119	23,837,314.59	11,739,939	21,674,854.24
May	16,619,869	27,358,996.95	15,614,883	20,200,564.36
June	19,970,197	25,825,994.83	8,307,895	13,068,532.67
July	13,548,995	42,522,158.05	10,682,978	11,233,179.05
August	11,074,035	20,949,764.67	5,465,103	5,367,096.49
September	13,118,593	31,564,697.01	20,510,193	30,416,430.64
October	9,998,464	18,188,161.24	10,276,377	15,852,426.28
November	50,215,975	67,693,377.26	19,121,174	24,162,042.60
December	10,110,518	23,274,853.14	56,033,636	37,849,614.09
<b>Total</b>	<b>207,496,133</b>	<b>345,963,799</b>	<b>246,428,362</b>	<b>247,636,622.55</b>

**Graph 17: Volume of Shares Traded**



Source: CSD

Graph 18: Value of Shares Traded



Source: CSD

Table 13 : Sectorial Distribution of Shares Traded in 2015

Sector	Volume of Shares Traded		Value of Traded Shares (GH¢)		No. of Trades	
	Volume	%	Value	2015	2014	2015
Finance	78,948,029	32.04	121,150,694	48.92	21,176	17,318
Distribution	27,392,271	11.12	36,994,480	14.94	4,000	3,089
Food And Beverage	9,923,471	4.03	35,843,310	14.47	2,197	1,540
ICT	59,236	0.02	1,767	0.00	12	18
Insurance	35,622,899	14.46	41,072,893	16.59	3,221	2,116
Manufacturing	93,669,920	38.01	8,694,796	3.51	1,364	2,339
Mining	9,500	0.00	28,488	0.01	732	29
Agriculture	760,882	0.31	3,700,774	1.49	617	449
Exchange Traded Funds (ETF)	3,112	0.00	145,126	0.06	5	11
Education	39,042	0.02	4,295	0.00	-	28
Total	246,428,362	100	247,636,623	100	33,324	26,937

### 9.6.3 Registry Services in 2015

The Registry Unit of the Depository provided registry services to the following seven (7) institutions in 2015. They are:

- afb Plc.
- CAL Bank Ltd.
- Hords Ltd.
- Mega African Capital.
- Meridian Marshalls Holding Company and

- NewGold ETF
- Tullow Oil plc.

The Registry Unit processed a total amount of GH¢44,409,185.47 and GH¢432,073.45 gross dividend payments for CAL Bank Limited and Mega African Capital respectively. Three (3) annual general meetings were organized by the Registry Unit for Cal Bank Ltd, Mega African Capital and Tullow Oil Plc. in 2015.

**Table 14: Dividends Payments for 2015**

Issuer	Dividend Payment Date	Type of Dividend	Gross Dividend (GH¢)
CAL Bank Ltd.	April 30, 2015	Final	44,409,185.47
Mega African Capital Ltd.	May 7, 2015	Final	432,073.45
Total			44,841,258.92

## PROXY FORM

I/We .....

Being member(s) of CENTRAL SECURITIES DEPOSITORY (GHANA) LIMITED hereby appoint

Or failing him/her the Chairman of Central Securities Depository (Ghana) Limited, as my/our Proxy to vote for me/us on my/our behalf at Annual General Meeting of the company to be held at the Conference Room of Central Securities Depository (Ghana) Limited, 5<sup>th</sup> Floor Cedi House at 10:00 a.m., on Friday, 29 May, 2016 and at any adjournment thereof.

The General Meeting hereby resolves the following:

RESOLUTION	FOR	AGAINST
1. To receive the Chairman's Statement and the Chief Executive Officer's Statement		
2. To consider and adopt the financial statements of the Company for the year ended 31st December, 2015, together with the Auditor's Report thereon.		
3. To declare the final dividend		
4. To approve Directors remuneration		
5. To authorise the Directors to fix the remuneration of the Auditors.		
6. And any other business transacted at the meeting and otherwise instructed in the paragraphs above, the Proxy will vote as he/she thinks fit.		

Dated this ..... day of ..... 2016

Signature.....

.....CUT HERE.....CUT HERE.....CUT HERE.....

### THIS FORM SHOULD NOT BE COMPLETED AND SENT TO THE SECRETARY IF THE SENDER WILL BE ATTENDING THE MEETING

1. A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by Proxy. The proxy form has been prepared to enable you exercise your vote if you cannot attend.
2. Provision has been made for the Chairman of the meeting to act as your Proxy but if you so wish you may insert in the blank space the name of any person, whether member of the company or not, who will attend the meeting and vote on your behalf instead of the chairman.
3. If you intend to sign a proxy, please sign the above Proxy form and post it to reach the address shown overleaf not later than 10.00 a.m. on Friday, May, 2016.
4. The Proxy must produce the admission Form printed overleaf to obtain entrance into the Meeting.



## 10.0 GLOSSARY

**Corporate Action:** any activity undertaken by the issuer of securities that affects the securities and the holder of the securities.

**Coupon Rate:** interest rate stated on notes and bonds.

**Depository Participants:** financial institutions, corporations and agencies which act as intermediaries between the CSD and the general investing public.

**Dematerialisation:** is the process of converting paper share certificates into an electronic book entry system.

**Financial Market Infrastructure:** are the channels through securities and financial transactions are cleared, settled and recorded.

**Settlement Guarantee Fund:** is the value of funds and securities set aside to serve as a warranty in the fulfilment of transactions during securities trade.

**Straight through Processing (STP):** is an electronic clearing and settlement processing arrangement which allows delivery of securities and payments of funds from one party to another without manual interventions.

**Issuer:** signifies government, corporation, or an agency that sells initial securities to the general public.

**Primary Market:** is a market that deals with the issuance of new securities. Here securities are purchased directly from the issuer.

**Primary Dealers:** are financial institutions approved by Bank of Ghana to participate in the auction of Government of Ghana, Cocoa Board and Bank of Ghana securities at the primary market and to promote investments in the securities market.

**Secondary Market:** refers to post primary market activities.

**Settlement:** is the delivery or movement of securities in exchange of fund.

**Securities:** are financial instruments that represent ownership of one's investment such as equities, debts etc.



# FINANCIAL STATEMENTS

## 31 DECEMBER 2015



## REPORT OF THE DIRECTORS TO THE MEMBERS

The directors present their report together with the financial statements of Central Securities Depository (GH) Limited as of 31 December 2015.

### Mission/Vision of the company

To be a leading global provider of efficient and reliable post trade services; playing a pivotal role in the financial market in Ghana.

### Statement of directors' responsibility

The directors are responsible for preparing financial statements for each accounting year, which give a true and fair view of the state of affairs of the company as at the end of the accounting year, and of the profit or loss of the company for the year.

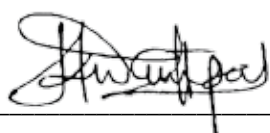
The directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179) and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Signed on behalf of the Board:



Chairman

Date: 24th March, 2016

### Nature of business

The company is registered and incorporated in Ghana as a private limited liability company under the Companies Act, 1963 (Act 179). CSD has obtained a license from the Securities and Exchange Commission (SEC). The SEC licence enables the company to undertake the business of:

- Providing a central depository for keeping records of beneficiary owners of financial instrument including government securities and in electronic form;
- Undertaking clearing and settlement by book entry of financial instruments including government securities and equity;
- Providing for immobilization and dematerialization of securities;
- Facilitating buying, selling and otherwise dealing in securities;
- Operating and managing central securities depository clearing and settlement services;
- Registrar licensing

### Results of operations

The profit after tax of GH¢5,637,233 is shown in the statements of comprehensive income.

### Auditors

The auditors, Ernst & Young, Chartered Accountants, having indicated their willingness, continue in office pursuant to Section 134(5) of the Ghana Companies Act, 1963 (Act 179).

### Holding company

The Central Securities Depository (GH) Limited is 70% owned by Bank of Ghana and 30% owned by Ghana Stock Exchange

### Dividend

The directors have proposed a dividend of GHS0.275 per share amounting to GHS962,500 for the 2015 financial year.



Director

Date: 24th March, 2016

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CENTRAL SECURITIES DEPOSITORY (GH) LIMITED

### Report on the financial statements

We have audited the accompanying financial statements of Central Securities Depository (GH) Limited, which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 6 to 27.

### Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1963 (Act 179) and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Securities Depository (GH) Limited as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179).

### Report on other legal and regulatory requirements

The Companies Act, 1963 (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii. The balance sheet (statement of financial position) and the profit and loss account (statement of comprehensive income) of the company are in agreement with the books of account and returns.



Signed by Pamela Des Bordes (ICAG/P/1329)

Ernst & Young (ICAG/F/2016/126)

Chartered Accountants

Accra, Ghana

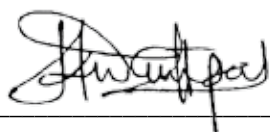
Date: 24th March, 2016



## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

ASSETS	Notes	2015	2014
		GH¢	GH¢
<b>Non- current assets</b>			
Property, plant and equipment	3	839,463	641,885
Intangible assets	4	4,508,060	586,079
Deferred tax assets	11(i)	<u>16,539</u>	<u>25,443</u>
		<u>5,364,062</u>	<u>1,253,407</u>
<b>Current assets</b>			
Accounts receivable and prepayments	5	4,434,453	2,052,634
Held to maturity investments	6	7,492,744	8,310,049
Cash and bank	7a	<u>2,557,643</u>	<u>479,076</u>
		<u>14,484,840</u>	<u>10,841,759</u>
<b>TOTAL ASSETS</b>		<b><u>19,848,902</u></b>	<b><u>12,095,166</u></b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Stated capital	8	3,500,000	3,500,000
Other reserve	9	600,000	600,000
Retained earnings		<u>10,188,138</u>	<u>4,550,905</u>
		<u>14,288,138</u>	<u>8,650,905</u>
<b>Noncurrent Liabilities</b>			
Deferred capital grant	10a	-	<u>697,892</u>
		-	<u>697,892</u>
<b>Current Liabilities</b>			
Deferred capital grant	10a	-	174,473
Accounts payable and accruals	12	3,673,342	1,552,264
Taxation	11(ii)	<u>1,887,422</u>	<u>1,019,632</u>
		<u>5,560,764</u>	<u>2,746,369</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>19,848,902</u></b>	<b><u>12,095,166</u></b>

Signed on behalf of the Board:



Director

Date: 24th March, 2016



Director

Date: 24th March, 2016

The attached notes 1 to 19 form an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015	2014
		GH¢	GH¢
Revenue	13	12,876,225	9,042,132
Other income	14	<u>3,050,185</u>	<u>2,117,633</u>
		15,926,410	11,159,765
Operating Expenses		<u>(8,303,433)</u>	<u>(7,398,050)</u>
Profit for the year	18	7,622,977	3,761,715
Income tax expense	11(iii)	<u>(1,985,744)</u>	<u>(1,030,366)</u>
Total comprehensive income for the year	18	<u>5,637,233</u>	<u>2,731,349</u>

The attached notes 1 to 19 form an integral part of these financial statements

## STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015

	Issued and fully paid shares	Other reserves	Retained Earning	Total Equity
	GH¢	GH¢	GH¢	GH¢
<b>2015</b>				
Balance at 1 January	3,500,000	600,000	4,550,905	8,650,905
Total comprehensive income for the year	-	-	5,637,233	5,637,233
Balance as of 31 December 2014	<u>3,500,000</u>	<u>600,000</u>	<u>10,188,138</u>	<u>14,288,138</u>

	Issued and fully paid shares	Other reserves	Retained Earning	Total Equity
	GH¢	GH¢	GH¢	GH¢
<b>2014</b>				
Balance at 1 January	3,500,000	-	1,847,804	5,347,804
Transfers from GSD	-	600,000	(28,248)	571,752
Total comprehensive income for the year	-	-	2,731,349	2,731,349
Balance as of 31 December 2014	<u>3,500,000</u>	<u>600,000</u>	<u>4,550,905</u>	<u>8,650,905</u>

The attached notes 1 to 19 form an integral part of these financial statements

## STATEMENT OF CASHFLOWS AS AT 31 DECEMBER 2015

	Notes	2015 GH¢	2014 GH¢
<b>OPERATING ACTIVITIES</b>			
Profit for the year before tax		7,622,977	3,761,715
<b>Adjustment for:</b>			
Depreciation	3	423,734	448,141
Amortisation	4	590,676	1,479,096
Movement in grant	10	(872,365)	(966,813)
Interest accrued on short term investments		(186,143)	(240,007)
Non cash value received for asset traded in		96,927	-
Gains on disposal		(77,675)	-
<b>Operating cash flow before working capital changes</b>		7,598,131	4,482,132
Increase in accounts receivable		(2,381,820)	(562,655)
Increase in payables and accruals		2,667,516	341,492
<b>Cash from operations</b>		7,883,827	4,260,969
Tax paid	11(ii)	(1,109,050)	(660,495)
<b>Net cash outflow from operating activities</b>		6,774,777	3,600,474
<b>INVESTING ACTIVITIES</b>			
Purchase of PPE	3	(777,129)	(602,195)
Purchases of intangible assets	4	(4,512,657)	-
Proceeds on disposal of PPE		136,565	-
Short term investments (purchased)/redeemed		1,111,443	(3,769,832)
<b>Net cash outflow in investing activities</b>		(4,041,778)	(4,372,027)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		2,732,999	(771,553)
Cash and Cash equivalents as of 1 January		3,049,424	3,820,977
<b>CASH AND CASH EQUIVALENTS AS OF 31 DECEMBER</b>	7b	5,782,423	3,049,424

The attached notes 1 to 19 form an integral part of these financial statements



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2015

### 1. CORPORATE INFORMATION

#### 1.1 ACTIVITIES

The Central Securities Depository (Gh) Limited is a subsidiary of Bank of Ghana registered and incorporated in Ghana as a private limited liability company under the Companies Act, 1963 (Act 179) to provide services including the following:

- Providing a central depository for keeping record of beneficiary owners of financial instruments including government securities and in electronic form;
- Providing facilities to the public for the registration or transfer of ownership of shares, bonds and other securities.
- Undertaking clearing and settlement by book entry of financial instruments including government securities and equity;
- Providing for immobilisation and dematerialisation of securities;
- Facilitating buying, selling and other wise dealing in securities;
- Operation and management of a central securities depository clearing and settlement services.

#### 1.2 Compliance with IFRS

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

#### 1.3 a. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

#### IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

#### IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Company is an existing IFRS preparer, this standard would not apply.

#### 1.3b New and amended standards and interpretations

The Company considered for application, certain standards and amendments which are effective for annual periods beginning on or after 1 January 2014. However, these standards and amendments as detailed below, do not impact the annual financial statements of the Company.





The nature and the impact of each new standards and amendments is described below:

### **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

### **IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

### **IAS 24 Related Party Disclosures**

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

## **2.1 Basis of preparation**

The financial statements are prepared under the historical cost convention.

## **2.2 Functional and reporting currency**

The financial statements are presented in Ghana cedis, which is the functional and reporting currency of the company.

## **2.3 Significant accounting judgements, estimates and assumption**

The preparation of the financial statement is in conformity with generally accepted accounting standards which require management to make estimates and assumptions that influence the valuation of asset and liabilities and the disclosure of contingent asset and liabilities at the date of the financial statement and the reported amounts of revenue and expenses during the reported period.

However, uncertainty about these assumptions and the estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in the future.

## **2.4 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The company has concluded that it is acting as a principal in all of its revenue arrangements.

### **Rendering of services**

Income is recognized when services are rendered.

## **2.5 Financial assets**

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.



Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the company commits to purchase or sale of the asset.

The company's financial assets include cash, short term-term deposits, trade and other receivables and loan and other receivables

### Impairment of financial assets

The company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated..

### Initial recognition

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as change in arrears or economic conditions that correlate with defaults.

### Derecognition of financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- ▶ the rights to receive cash flows from the asset have expired; or
- ▶ the company has transferred its rights to receive cash flows from the asset or has assumed an

obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the company has transferred substantially all risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under the "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the Company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

When a continuing involvement take the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial assets at initial recognition.

The company's financial assets include cash and short-term deposits.



**Receivables**

Accounts receivable and other receivables are recorded in the statement of financial position at face value after deduction of provision for expected losses. Provisions for losses are made on the basis of an individual assessment of each receivable item.

**Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at banks and in hand, short-term fixed deposits with an original maturity of three months or less, bank overdrafts which are repayable on demand and which form an integral part of the company's cash management. Cash and cash equivalents are measured subsequently at amortised cost.

**Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the company has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. The losses arising from impairment are recognised in the income statement in finance costs.

**2.6 Financial liabilities****Initial recognition**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit and loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable to transaction costs.

**Subsequent measurement**

The measurement of financial liabilities depends on their classifications as follows:

**Financial liabilities at fair value through profit and loss**

Financial liabilities at fair value through profit and loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are acquired for the purposes of selling in the near term.

Gains and losses on liabilities held for trading are recognized in the income statement.

Central Securities Depository (Gh) Limited has not designated any financial liabilities at fair value through profit or loss.

**Accounts payable and accruals**

Liabilities are recognized for amounts to be paid in the future for goods or services received whether billed by the supplier or not.

**Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

**2.7 Foreign currency translation**

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.



## 2.8 Property, plants and equipment

The company recognises an item of property, plant and equipment as an asset when it is probable that future economic benefits will flow to it and the cost can be reliably measured by the company.

Property, plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

When significant parts of property, plant and equipment are required to be replaced in intervals, the company recognises such parts as individual assets with specific useful lives and depreciation respectively. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The current annual depreciation rates for each class of property, plant and equipment are as follows:

Equipment	25%
Furniture & Fittings	20%
Motor Vehicle	25%

## 2.8 Property, plants and equipment (cont'd)

Costs associated with day-to-day servicing and maintenance of assets is expensed as incurred. Subsequent expenditure is capitalized if it is probable that future economic benefits associated with the item will flow to the company.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period the item is derecognized.

Residual values, useful lives and methods of depreciation for property and equipment are reviewed, and adjusted if appropriate, at each financial year end.

### Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired. Intangible assets whose useful lives can be reasonably estimated are amortised over the estimated useful lives of these assets. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. The current annual amortisation rate for the intangible asset (software) was re-assessed at 5 years from the financial reporting date.

### Impairment of non-financial assets

The carrying values of property, plant and equipment are reviewed for indications of impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units to which the asset belongs are written down to their recoverable amount. The recoverable amount of property, plant

and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. The company estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

## 2.9 Pensions and other post-retirement benefit

### Social security contributions

This is a National Pension Scheme under which the company pays 13.5% of qualifying employees' basic monthly salaries to a state managed Social Security Fund for the benefit of the employees. All employer contributions are charged to the statement of comprehensive income as incurred and included under staff costs.

Employees contribute 5.5% of their basic salary to the National Pension Scheme. This is a defined contribution scheme.

The company also makes contribution into a Tier 3 Pension scheme registered for its employees.

## 2.10 Taxation

### a) Income tax

Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in shareholders' equity or other comprehensive income, in which case it is recognized in shareholders' equity or other comprehensive income.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current tax assets and liabilities are offset when the Company intends to settle on net basis and the legal right to set-off exists.

### b) Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- ▶ when the deferred income tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- ▶ in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- ▶ when the deferred income tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

## 2.10 Taxation (cont'd)

- ▶ in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

### c) Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except: where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;

The net amount of value added tax recoverable from, or payable to, the Internal revenue service is included as part of receivables or payables in the statement of financial position.

## 2.11 Bank of Ghana grants

Bank of Ghana grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

## 2.12 Reclassification affecting prior year comparative

Deposit for shares amounting to GHS183,836 which was previously classified as part of equity has now been reclassified into liability following a confirmation that no additional shares would be issued in respect of this amount.





### 3. PROPERTY, PLANT AND EQUIPMENT 2015

	Equipment	Furniture and Fittings	Motor Vehicle	Total
	GHC	GHC	GHC	GHC
<b>Cost</b>				
Balance as at 1 January 2015	771,403	307,178	677,388	1,755,969
Additions	92,008	18,433	666,688	777,129
Disposals	-	-	(323,886)	(323,886)
<b>Balance as at 31 December 2015</b>	<b>863,411</b>	<b>325,611</b>	<b>1,020,190</b>	<b>2,209,212</b>
<b>Accumulated Depreciation</b>				
Balance as at 1 January 2015	604,931	223,642	285,511	1,114,084
Disposal	-	-	(168,069)	(168,069)
Charge for the year	110,170	58,516	255,048	423,734
<b>Balance as at 31 December 2015</b>	<b>715,101</b>	<b>282,158</b>	<b>372,490</b>	<b>1,369,749</b>
<b>Net book value</b>				
<b>Balance as at 31 December 2015</b>	<b>148,310</b>	<b>43,453</b>	<b>647,700</b>	<b>839,463</b>



### 3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

#### 2014

	Equipment	Furniture and Fittings	Motor Vehicle	Total
	GHC	GHC	GHC	GHC
<b>Cost</b>				
Balance as at 1 January 2014	618,787	252,379	154,886	1,026,052
Assets transferred from GSD	104,519	23,203	-	127,722
Additions	<u>48,097</u>	<u>31,596</u>	<u>522,502</u>	<u>602,195</u>
<b>Balance as at 31 December 2014</b>	<b><u>771,403</u></b>	<b><u>307,178</u></b>	<b><u>677,388</u></b>	<b><u>1,755,969</u></b>
<b>Accumulated Depreciation</b>				
Balance as at 1 January 2014	343,568	147,605	91,657	582,830
Depreciation on assets transferred from GSD	68,512	14,601	-	83,113
Charge for the year	<u>192,851</u>	<u>61,436</u>	<u>193,854</u>	<u>448,141</u>
<b>Balance as at 31 December 2014</b>	<b><u>604,931</u></b>	<b><u>223,642</u></b>	<b><u>285,511</u></b>	<b><u>1,114,084</u></b>
<b>Net book value</b>				
<b>Balance as at 31 December 2014</b>	<b><u>166,472</u></b>	<b><u>83,536</u></b>	<b><u>391,877</u></b>	<b><u>641,885</u></b>

#### 4. Intangible assets (Software)

	2015	2014
Cost	GHC	GHC
Balance as at 1 January	2,648,882	2,141,275
Intangible assets transferred from GSD	-	507,607
Capital work in progress (systems upgrade)	4,420,746	-
Addition to intangible assets (Website)	91,911	-
	<u>7,161,539</u>	<u>2,648,882</u>
<b>Accumulated amortisation</b>		
Balance as at 1 January	2,062,803	346,783
Accumulated depreciation on intangible assets of GSD	-	236,924
Amortisation for the year	590,676	1,479,096
	<u>2,653,479</u>	<u>2,062,803</u>
<b>Balance at 31 December</b>	<u><b>4,508,060</b></u>	<u><b>586,079</b></u>

#### 5. Accounts receivable and prepayments

	2015	2014
	GHC	GHC
Trade receivable	3,610,011	1,692,312
Staff loans	603,733	173,467
Prepayments	220,709	186,855
	<u><b>4,434,453</b></u>	<u><b>2,052,634</b></u>

Maximum staff indebtedness for the year was **GHC603,733** (2014; 173,467)

#### 6. Held to maturity investments

	2015	2014
	GHC	GHC
91 day treasury Bills	2,834,317	2,818,277
182 day treasury Bills	4,081,821	4,947,240
Fixed deposits	390,463	298,508
Interest receivable	186,143	246,024
	<u><b>7,492,744</b></u>	<u><b>8,310,049</b></u>

**7a. Cash and bank balances**

	2015	2014
	GHC	GHC
Cash at bank	2,557,429	479,076
Cash in hand	214	-
	<u>2,557,643</u>	<u>479,076</u>

**7b. Cash and cash equivalents**

	2015	2014	Change
	GHC	GHC	
Cash and bank balances	2,557,643	479,076	2,078,567
91 day treasury Bills	2,834,317	2,818,277	16,040
Fixed deposits	390,463	298,508	91,955
Bank overdraft	-	(546,437)	546,437
	<u>5,782,423</u>	<u>3,049,424</u>	<u>2,732,999</u>

**8. Stated Capital****a. Authorized shares**

The Company is registered with 3,500,000 ordinary shares of no par value.

**b. Issued shares**

	2015		2014	
	No. of Shares	Amount (GH¢)	No. of Shares	Amount (GH¢)
Issued for cash	3,500,000	3,500,000	3,500,000	3,500,000
	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>

There is no share in treasury and on call or instalment unpaid on any share.

**9. Other reserves**

This represents the value of reserves of GSD brought into the combined business in 2014. This reserve is currently held as a discretionary reserve.

## 10. Bank of Ghana grants

### a. Deferred Capital Grant

	2015	2014
	GH¢	GH¢
At 1 January	872,365	1,839,178
Grants released into income statement	(872,365)	(966,813)
<b>At 31 December</b>	<b>-</b>	<b>872,365</b>
Current	-	174,473
Noncurrent	-	697,892

Capital grants represent the value of assets transferred to the company by its Parent (the Bank of Ghana) at nil values on 26 October 2010. These assets were subsequently valued and incorporated in the financial statements. These assets have now been completely depreciated/amortised as a result of which the related capital grant has also been completely amortised into the income statement.

## 10. Bank of Ghana grants (cont'd)

### b. Revenue grant

Revenue grants represent amounts advanced by the Bank of Ghana to the company to support specific activities. There are no unfulfilled conditions or contingencies attached to these grants.

## 11 i. Deferred tax assets

	2015	2014
	GH¢	GH¢
At 1 January	(25,443)	11,158
Deferred tax assets of GSD	-	(19,141)
Charge to income statement	8,904	(17,460)
	<b>(16,539)</b>	<b>(25,443)</b>

### ii) Corporate tax

	Balance at 1 January	Charge for the year/ WHT	Payments	Balance at 31 December
	GH¢	GH¢	GH¢	GH¢
<b>Income tax</b>				
Up to 2012	(30,940)	-	-	(30,940)
2013	41,522	-	-	41,522
2014	1,009,050	-	(1,009,050)	-
2015	-	1,976,840	(100,000)	1,876,840
	<b>1,019,632</b>	<b>1,976,840</b>	<b>(1,109,050)</b>	<b>1,887,422</b>



**iii) Income tax expense**

	2015	2014
	GH¢	GH¢
Movement in deferred tax (note 11(i))	8,904	(17,460)
Corporate tax charge for the year (note 11(ii))	1,976,840	1,047,826
	<u>1,985,744</u>	<u>1,030,366</u>

**Tax rate reconciliation**

The tax charge in the Income Statement differs from the hypothetical amount that would arise using the statutory income tax rate. This is explained as follows:

	2015	2014
	GH¢	GH¢
Profit before tax	7,622,977	3,761,716
Tax at applicable rate of 25% (2014:25%)	1,905,744	940,429
Tax effect on non-deductible expenses	291,102	498,989
Tax effect on capital allowance	(191,046)	(430,078)
Items taxed differently	(20,056)	21,026
Tax expense	<u>1,985,744</u>	<u>1,030,366</u>

**12(i) Accounts payable and accruals**

	2015	2014
	GH¢	GH¢
Creditors	75,810	193,726
SEC levy	719,677	314,993
GSE levy	917,998	-
Unutilized merger grant	104,664	104,664
Overdraft	-	546,437
Accruals (note 12(ii))	1,613,842	208,608
Payable to Bank of Ghana	183,836	183,836
Other payables	<u>57,515</u>	<u>-</u>
	<u>3,673,342</u>	<u>1,552,264</u>

**12(ii) Accruals**

	2015	2014
	GH¢	GH¢
Bonus	424,527	196,608
Rent	700,000	-
Accruals in respect of systems	420,000	-
Others	69,315	12,000
	<u>1,613,842</u>	<u>208,608</u>

**13. Revenue**

	2015	2014
	GHC	GHC
Registration Fees	29,500	21,945
Transaction Fees	12,739,725	8,945,167
Renewal fees	107,000	75,020
	<u>12,876,225</u>	<u>9,042,132</u>

**14. Other income**

	2015	2014
	GHC	GHC
Capital grant (Note 11a)	872,365	966,813
Interests earned on investments	1,908,292	1,033,298
Miscellaneous income	258,128	100,322
Training on CSD software	11,400	17,200
	<u>3,050,185</u>	<u>2,117,633</u>

**15. Contingencies****Contingent liabilities**

There were no contingent liabilities as of 31 December 2015 (31 December 2014; nil).

**Contingent assets**

There were no contingent assets as of 31 December 2015 (31 December 2014; nil).

## 16. Related party disclosures

The company is 70% owned by the Bank of Ghana and 30% owned by the Ghana Stock Exchange. Transactions with the Bank of Ghana and the Ghana Stock Exchange in the year under review include:

	Bank of Ghana	Ghana Stock Exchange
	GHC	GHC
Provision of office space and utilities to CSD	700,000	-
Collections on behalf of GSE		917,998

The balances on transactions with related parties are included the accounts payable and cash and bank balances as follows:

	2015	2014
	GHC	GHC
Bank account balance with Bank of Ghana	2,271,948	(546,511)
Amounts payable to the Ghana Stock Exchange	917,998	-
Amounts payable to Bank of Ghana	183,836	183,836

Compensation to directors for the period under review amounted to GH¢429,051 (2014: GH¢405,340).

## 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments. Management has assessed this risk and concluded that the company has no exposure to this risk.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company assessed that it has no significant exposure to the risk of changes in market interest rates.

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company currently does not have significant exposure to this risk as it has no significant foreign currency denominated assets and liabilities.

## 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. Customer credit risk is managed by the Finance Unit subject to the Company's established policy, procedures and control relating to customer credit risk management.





**Liquidity risk**

The Company monitors its risk of a shortage of funds by monitoring the maturity dates of existing trade accounts payables.

**Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a

healthy capital ratio that support its business and maximise shareholder value. Management considers capital to consist only of equity as disclosed in the statement of financial position. In order to ensure an appropriate return for shareholder's capital invested in the company, management thoroughly evaluates all material projects and potential acquisitions before approval.

**18. PROFIT FOR THE YEAR**

This is stated after charging:

	2015	2014
	GH¢	GH¢
Directors' emoluments	429,051	405,340
Depreciation and amortisation	1,014,408	1,940,176
Audit fees	50,310	43,000
Donations	150,000	10,000

**19. EVENTS AFTER REPORTING DATE**

There are no events after financial reporting dates requiring adjustments or disclosure.

	2015	2014
	GH¢	GH¢
Staff cost	3,225,788	2,373,280
Training and capacity building	750,182	327,517
Travel and motor running	402,407	274,627
General and administrative expenses	336,653	590,055
Stationary and printing	36,817	44,359
Communication	32,876	40,487
Consultancy	3,544	171,425
Depreciation and amortisation	1,014,408	1,940,176
Directors' emoluments	429,051	405,340
Information technology expenses	1,081,579	822,073
Premises and equipment expense	81,565	84,109
Promotion and public education	58,563	307,752
Rent and utilities	700,000	-
Merger expenses	-	6,850
Donation	150,000	10,000
	<u>8,303,433</u>	<u>7,398,050</u>



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Central Securities Depository (GH) Ltd.  
4th Floor Cedi House  
PMB CT 465 Cantonments, Accra, Ghana

**Tel:**+233-302 689313 / 0302 689314

**Fax:**+233-302 689315

**Email:**info@csd.com.gh

**Website:**www.csd.com.gh