

WELCOME ADDRESS BY THE CHAIRMAN OF SECURITIES
AND EXCHANGE COMMISSION, AT THE OPENING
CEREMONY OF THE FIRST SECURITIES INDUSTRY WEEK
ON MONDAY, NOVEMBER 13, 2006 AT
NOVOTEL

Mr. Chairman,

Honourable Minister of Finance and Economic Planning,

Honourable Chairman and Members of the Parliamentary Select
Committee on Finance,

Honourable Chairman of the National Economic Planning
Commission,

Governor of Bank of Ghana,

Madam Commissioner of the National Insurance Commission,

Fellow Commissioners of the Securities and Exchange
Commission,

Distinguished Guests,

Ladies and Gentlemen

On behalf of SEC, I welcome you all this morning to the maiden Securities Industry Week. SEC is organizing this Week in collaboration with the Ghana Stock Exchange and the Ghana Securities Industry Association. We acknowledge funding from our sector Ministry and from the industry, specifically SAS.

The Securities Week is important for several reasons.

First, there is considerable evidence showing that one of the most important factors in determining how much material progress a society makes is its ability to maintain a vigorous capital market. Creating prosperity has largely been a matter of bringing together people who are prepared to invest capital with people who are able to use it to create wealth. We believe that the securities industry in Ghana has reached the stage where its position in corporate finance needs to be better known. It should now take its rightful place, together with the banking and insurance, in the financial sector family.

Secondly, it is important to espouse the benefits of the capital market to wealth creation and national economic development and growth. Capital markets provide investment capital to well-established companies as well as to nascent companies. We believe that robust capital markets allow businesses and entrepreneurs to tap into the financial resources needed to increase output, invest in new technologies, fund research and development, build new factories, hire more workers, and exploit business opportunities domestically and abroad. By efficiently allocating capital to businesses that will best employ it, society benefits through increasing employment, more affordable goods and services for consumers, and increasing wealth.

Mr. Chairman,

We have initiated this annual Securities week to draw the attention of all stakeholders, --government, financial sector, commerce and industry, and investors to take the capital market more seriously and learn how to use it to develop the economy. As indicated, other countries, notably China, whose Stock

Exchanges were established at the same time as the GES began operation, used the capital market mechanisms to draw in local, overseas-national and international funds within and outside the country to finance its infrastructure development and the re-tooling and modernization of its industrial sector to world competitive standards.

Mr. Chairman,

We cannot run away from the fact that capital is vital to the wellbeing and development of every country and economy. It is time to find additional capital for the economic take-off of Ghana. Finding it should not be difficult since in the past two years, the government, the banks, manufacturing, agricultural processing, and service industries have successfully raised billions of cedis on the GSE. We have even had to grapple with oversubscription a few times. There must be more from whence all this money came.

Mr. Chairman,

This is a strong indication that, if do our homework and create a vibrant capital market, Ghana can become an important financial centre in Africa. Many fund managers abroad are again keen to invest on the Ghanaian capital market. It is time for the government and its agencies as well as and the entire private sector of the economy to take advantage of this and use our local capital market to finance national infrastructure and industrial growth.

Mr. Chairman,

Getting here did not happen by chance. To achieve these things, the capital market has to be regulated. If people are not provided with reasons to believe they are in a fair game, they will not play. We must ensure that their confidence in the securities industry is justified. As regulators, we must grapple with a delicate issue: What can we do to encourage the market's ability to create wealth? There are bound to be complaints. Compliance with regulatory requirements can be costly to operators no doubt. Nevertheless, an effective regulatory environment can and should be a spur to growth. It provides one of the essential ingredients of a market economy. It gives investors the confidence. It is because we think that we now have a fair and effective regulatory and enforcement regime and the cooperation and, grudgingly perhaps, compliance, from the hard working market operators.

As is evident in the daily financial news, capital moves to locations where there is effective regulation and enforcement. With the ongoing ICT innovations, vast sums move across the globe to the most congenial markets. For Ghana to also attract a substantial portion of these portfolio investment flows, there is the need to demonstrate compliance with securities industry law, rules and regulations that seek to protect the interest of investors, ensure a fair, efficient and transparent market and reduce systemic risk. Compliance always translates into profit for all market operators simply because discerning investors are attracted.

Mr. Chairman,

The theme for this year's event, "The Capital Market: The Missing Key to Ghana's Economic Development and Growth" has been chosen to highlight the fact that our search for solutions to poverty, economic under-development and stunted growth can be sought in the purposeful development of our capital market.

We hope to bring the capital market to the attention of the Ghanaian public, investors and would-be investors, and especially to all Club 100 members. The message is simple. It is now time to turn to the capital market or securities industry to be able to fund growth to compete strongly in the highly competitive global market.

I am therefore taking this opportunity to welcome you all not only to this opening ceremony but also to be involved in the open debate during the public lectures at the British Council this week and all the programmes planned to be aired on Radio and Television.

Thank you.