



HOW TO BUY AND SELL BONDS





INTRODUCTION

It is obvious that many people do question: what exactly is a bond market? How is it an investment vehicle? And how literally can they participate in it?

The bond market can be complex for individual investors to understand. This Plain Talk guide explains clearly how bonds work, how to invest in the bond market and how bonds can play their part in a diversified portfolio to meet one's financial goals.

WHAT IS GFIM?

GFIM is a market that facilitates the secondary trading of all fixed income securities and other securities to be determined from time to time.

The market was established by key stakeholders in the financial market led by the Bank of Ghana (BoG), Ghana Stock Exchange, (GSE), Central Securities Depository Ghana Ltd (CSD), Ghana Association of Bankers, the Ministry of Finance, Financial Market Association (ACI Ghana) and Licensed Dealing Members (LDMs) of the Ghana Stock Exchange. GFIM is the premier bond market in Ghana.

WHAT IS A BOND MARKET?

The Bond market is where investors go to buy and sell debt securities issued by corporations or governments. The bond market is also known as the debt market. Securities sold and bought on the bond market are all various forms of debt.

WHAT ARE BONDS?

Bonds sometimes referred to as debt securities are an obligation by one party to make payment(s) to another party in the future. These securities take various forms. However, in general, they have a fixed maturity date on which the debt must be repaid, and they pay some form of interest. The level of interest paid may be either fixed or variable, although long-term debt tends to have a fixed rate of interest.

Think of buying a bond as loan given from an investor to a borrower such as a company or government. The borrower uses the money to fund its operations, and the investor receives interest on the investment and the principal at maturity. The time frame of the interest payment on bonds is fixed (part of the description of a particular bond) hence bonds are called fixed income.

BOND ISSUERS

Government: In Ghana the government raises money from the public to help pay for major government projects and to pay down its debts. This kind of debt issued by national governments are often considered low-risk investments since issuing is backed by the government.

Corporate: Public companies issue bonds to fund expansion and other major projects, typically offering higher interest rates. These are considered higher-risk investments.



HOW DO BONDS WORK?

You can hold a bond until maturity or trade it on the secondary bond market. Bonds are continually traded, and their capital value changes in line with interest rate movements and other economic factors. Traders of the bonds are large banks, brokers, and broker-dealer institutions. These traders buy and sell bonds to profit from price fluctuations or generate coupon income. It's important to know that bonds have both a face value and a capital value.

The face value is the amount you will receive back from the issuer when the bond matures at the end of a set term. Most bonds make regular coupon (or interest) payments over the term of the bond.

The capital value is what the bond is worth when it is bought and sold on the market. While the face value is fixed, the capital value can vary during the term, depending on factors such as interest rates and economic conditions.

HOW DOES ONE BUY OR SELL BONDS ON THE GFIM?

Securities are bought and sold on GFIM only through Banks, Licensed Dealing Members also known as Brokers and Broker-Dealers. A Dealing Member is a company which buys and sells securities on behalf of investors for a fee or commission. As part of the services rendered by banks, the banks also buy and sell securities on behalf of investors for a fee or commission or spread.

An investor cannot personally come to GFIM to buy securities but can buy them through the Brokers or banks. Securities Dealers, apart from buying and selling securities on behalf of clients, also offer investment advice.

To buy Bonds, an investor must first contact a GFIM Member to open a depository account. This is similar to opening an account with your bank. The account you open will be credited with the bonds you buy as well as debited with the bonds you sell. Subsequently, periodic statements from the Central Securities Depository (Gh) Ltd sent to you will show the number and amount of bonds you hold.

Once the depository account is opened, the investor must decide on the kind of bonds that are of interest to him. The member can also recommend the bonds which are suitable for an investor's needs when the member is given the option to make recommendations.

After deciding on the bond, the broker buys the bonds at the favorable price at the time of trading on the automated trading system on the trading floor of the GSE, in his office or through the internet.

Once the broker buys the bonds on the market, he sends to the buyer a Contract Note showing the date of the transaction, the number of bonds bought, the price, and commissions or fees chargeable and the total amount involved.

The procedure for selling bonds is like that of buying bonds.

WHAT AFFECTS BOND PRICES?

There are several factors that can affect bond prices, some of these include:

Economic and market conditions: The bond market tends to provide benefit from volatile markets as investors look to reduce their exposure to securities.

Time to maturity: Bonds with more time to maturity are more sensitive to changes in interest rates.

Credit quality: Bond prices can be affected by changes in the issuer's credit risk.

HOW IS BOND RISK MEASURED?

Bond credit ratings are important because they indicate the likelihood that an issuer will fail to pay the interest and the principal back. Bonds with lower credit ratings tend to come with higher interest rates to compensate investors for the increased risk they are taking.

WHAT ARE THE BENEFITS OF INVESTING IN BONDS?

Bonds can play an important role as a counterweight to riskier assets like shares and property by:

Generating regular income: Income in the form of interest (coupon) payments can deliver a reliable stream of income for a broad portfolio of bonds.

Help in reducing volatility: If you hold a bond until the end of its term, you know exactly how much you'll receive back at maturity (the face value) and how much you'll receive along the way (coupon payments). If you buy or sell bonds before maturity, you are exposed to more volatility as the capital value can fluctuate along with interest rates and market conditions.

Diversifying your portfolio: Investing in a broad range of bonds can help diversify your returns. Bond returns tend to be positive when share returns have been negative. This inverse relationship between bonds and shares can provide balance to your investment portfolio.





GHANA FIXED INCOME MARKET (GFIM) DEALERS

PRIMARY DEALERS

ACCESS BANK (GHANA) PLC

Registered Office: Osu, 91 Starlet, Castle Road

Website: www.ghana.accessbankplc.com

Telephone Number: +233 3026617969

ARB APEX BANK GHANA LIMITED

Registered Office: No. 5, 9th Gamel Abdul Naser Avenue, South Ridge

Website: arbapexbank.com

Telephone Numbers: 0302 771261 ; 0302 771738 ; 0302 772129

CONSOLIDATED BANK GHANA LIMITED

Registered Office: South Liberation Link, Manet Tower 3 Airport

Website <https://www.cbg.com.gh/>

Telephone Number: 0302216000

GUARANTY TRUST BANK (GHANA) LIMITED

Registered Office: 25A, Castle Road

Website: www.gtbghana.com

Telephone Numbers: +233 (302) 675224, 680662

SOCIETE GENERALE GHANA PLC

Registered Office: 2nd Crescent, Royalt Castle Road,
Ring Road Central, Kokomlemle, Accra.

Website: www.societegenerale.com.gh

Telephone Numbers: 0302 208 600

STANDARD CHARTERED BANK GHANA PLC

Registered Office: No.87 Independence Avenue, Ridge Accra

Website: www.sc.com/Gh

Telephone Numbers: 0302 610750 / 0302 633366

UNIVERSAL MERCHANT BANK LIMITED

Head Office Location: SSNIT Emporium, Airport City, Accra

Website: www.myumbbank.com

Telephone Numbers: 0302 666331

GHANA FIXED INCOME MARKET (GFIM) DEALERS

STANBIC BANK GHANA LIMITED

Registered Office: Stanbic Heights, 215 South Liberation Link, Airport City
Website: www.stanbicbank.com.gh
Telephone Numbers: +233 (0) 302 610690

ECOBANK GHANA PLC

Registered Office: 2, Morocco Lane, Ridge, Accra
Website: www.ecobank.com
Telephone Numbers: +233-302-610400

ABSA BANK GHANA LIMITED

Registered Office: Absa House, Jea Mills High Street, Accra
Website: Www.absa.com.gh
Telephone Numbers: 0302-665382/ 4/ 5

GCB BANK PLC

Registered Office: Thorpe Road, Highstreet Accra.
Website: www.gcbbank.com.gh
Telephone Numbers: 0303 664910-18 ,672852-4 ,662144

CAL BANK PLC

Registered Office: 23 Independence Avenue, Ridge Accra
Website: www.calbank.net
Telephone Number: +233-302 680070

FIDELITY BANK GHANA LIMITED

Registered Office: Ridge Towers, Ridge -Accra Website: www.fidelitybank.com.gh
Telephone Numbers: 0302819282 / 0302819283

NON-PRIMARY DEALERS

AGRICULTURAL DEVELOPMENT BANK PLC

Registered Office: 2nd Floor Accra Financial Centre (AFC)
3RD, Ambassadorial Development Area, Ridge, Accra
Website: www.agricbank.com
Telephone Number: 0302210210

GHANA FIXED INCOME MARKET (GFIM) DEALERS

BANK OF AFRICA GHANA LIMITED

Registered Office: 1st Floor Octagon, Independence Avenue

Website www.boaghana.com

Telephone Number: +233 302 249 690

FIRST ATLANTIC BANK GHANA LTD

Registered Office: Atlantic Place, No.1 7Th Avenue. Ridge West - Accra

Website: www.firstatlanticbank.com.gh

Telephone Numbers: +233 (0) 302 680 825-6 / 682 203-4

FIRST NATIONAL BANK GHANA LTD

Registered Office: 6th Floor Accra Financial Centre

Cnr Liberia and Independence Avenue, Accra, Ghana

Website: www.firstnationalbank.com.gh

Telephone Number: +233 24 2435050

FBN BANK GHANA LTD.

Registered Office: Liberation Road,

Near Golden Tulip Hotel PMB No.16, Accra North, Ghana.

Website: www.fbnbankghana.com

Telephone Number: 0302-234882

NATIONAL INVESTMENT BANK

Registered Office: Manet Tower B, Plot 25 -Airport City, Accra

Website: www.nib-Ghana.com

Telephone Numbers: (+233) 302661701 / 0302428500

PRUDENTIAL BANK LTD

Registered Office: 8 John Harmond Street, Ringroad Central

Website: www.prudentialbank.com.gh

Telephone Numbers: 0302-781200-7

REPUBLIC BANK

Registered Office: No. 35 Sixth Avenue. North Ridge, Accra

P.O. Box Ct 4603. Cantonments Accra

Website: www.republicghana.com

Telephone: 0302 429 555/0302 242091/3/4

GHANA FIXED INCOME MARKET (GFIM) DEALERS

OMNIBSIC BANK

Registered Office: Atlantic Tower, Accra
Website: www.omnibsic.com.gh
Telephone Numbers: 0307086000

UBA

Registered Office: Heritage Tower, Ambassadorial Enclave,
Off Liberia Road Ridge Accra, Ghana
Website <http://www.ubagroup.com>
Telephone Numbers: 0302689442

ZENITH BANK GHANA LIMITED

Registered Office: Zenith Heights, No 31 Independence Avenue
Website <https://www.zenithbank.com.gh>
Telephone Numbers: 0302 611500, 0302 660091

LICENSED DEALING MEMBERS

AMBER SECURITIES LTD

Registered Office: 2nd Floor, Heritage Tower,
6th Avenue, Ridge Ambassadorial Enclave, Accra
Telephone: 233-302-679761/2
Fax: 233-302-679698
E-mail: securities@amber.com.gh Website: www.amber.com.gh
Postal Address: PMB 45 Ministries Accra

BULLION SECURITIES LIMITED

Registered Office: The Octagon, Suite B904
Barnes Road, Accra, Ghana
Telephone: 233-54-0113508
E-mail: trading@bullion.com.gh
Website: www.bullion.com.gh

GHANA FIXED INCOME MARKET (GFIM) DEALERS

CDH SECURITIES LIMITED

Registered Office: 36 Independence Avenue, North-Ridge, Accra
Telephone: 233-302-671050/0244974256
Fax: 233-302-662167
E-mail: cdhsecurities@cdhgroup.co / info@cdhgroup.co
Website: securities.cdhgroup.co
Postal Address: P.O.Box 14911, Accra

CHAPEL HILL DENHAM SECURITIES GHANA LIMITED

Registered Office: Suite 2, The Labone Office Park,
N. Sithole Street, Labone
Telephone: 233-302-766865
Fax: 233-302-771346
E-Mail: ghana.info@chapelhilldenham.com
Website: www.chapelhilldenham.com

EDC Stockbrokers Limited

Registered Office: 2nd Floor, Ecobank Head Office Building
2 Morocco Lane, Off Independence Avenue
Telephone: 233-302-610400 E-mail: esl@ecobank.com
Website: www.ecobank.com/swam

FIRSTBANC BROKERAGE SERVICES LTD.

Registered Office: #7 Volta Street, Off Patrice Lumumba Street,
Airport Residential Area
Telephone: 233-302-781489/781484/780402
E-mail: brokerage@firstbancgroup.com
Website: www.firstbancgroup.com
Postal Address: P. O. Box 1464 Osu, Accra

Winslow Sackey Sackeyfio

TEAK TREE BROKERAGE LIMITED

Registered Office: 2nd Floor, C625/3 Farrar Street,
Asylum Down, Accra
Address: P.O.BOX AN 5879, ACCRA-NORTH
Telephone: 233-302-978838/9
E-mail: info@ttbghana.com
Website: www.ttbghana.com

GHANA FIXED INCOME MARKET (GFIM) DEALERS

REPUBLIC SECURITIES GHANA LTD

Registered Office: 48A Sixth Avenue, North Ridge, Accra
Telephone: 233-302-940056/940021
E-mail: securities@republicghana.com
Website: www.republicinvestmentsgh.com/republicsec/
Postal Address: P.O. Box CT 4603, Cantonments, Accra

NTHC SECURITIES LIMITED

Registered Office: Martco House, Okai-Mensah Link,
Off Kwame Nkrumah Avenue Adabraka-Accra
Telephone: 233-302-235814/ 302-235616
Fax: 233-302-229975
E-mail: info@nthc.com.gh/securities@nthc.com.gh
Website: www.nthc.com.gh
Postal Address: P.O. Box KIA 9563, Airport - Accra, Ghana

PRUDENTIAL STOCKBROKERS LIMITED

Registered Office: No 8 John Harmond Street, Ring Road Central, Accra
Telephone: 233-302-610610
Fax: 233-302-768046
E-mail: info@prudentialstockbrokers.com
Website: www.prudentialstockbrokers.com
Postal Address: P. O. Box CT 628, Cantonment, Accra

SERENGETI CAPITAL MARKETS LIMITED

Registered Office: 5 Abafun Crescent, Labone, Accra
Post GPS: GL-026-9470
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E-mail: ragbesi@serengeticapital.com
Website: www.serengeticapital.com
Postal Address: P. O. Box CT 2868

SBG SECURITIES LTD

Registered Office: 8th Floor, Stanbic Heights, 215 South Liberation Link, Airport
Telephone: 233-302-610690
Fax: 233-302-687669
E-mail: brokerage@stanbic.com.gh
Website: www.stanbicbank.com.gh
Postal Address: P.O. Box CT 2344, Cantonments, Accra

GHANA FIXED INCOME MARKET (GFIM) DEALERS

SIC BROKERAGE LIMITED

Registered Office: NO .67 A&B Switchback Road Cantonments
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Website: www.sicbrokerage.com
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STRATEGIC AFRICAN SECURITIES LTD

Registered Office: 14th Floor, World Trade Centre Accra
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233-302-663999
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Website: www.sasghana.com

UMB STOCKBROKERS LTD

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WORLDWIDE SECURITIES LIMITED

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SARPONG CAPITAL LTD

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BLACK STAR BROKERAGE LIMITED

Registered Office: The Rhombus, Plot 24 Tumu Avenue, Kanda - Accra.
Website: www.blackstarbrokerage.com.gh
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IC SECURITIES (GHANA) LIMITED

Registered Office: No. 2, 2nd Ridge Link, North Ridge, Accra

Telephone: 233-302-252621/3

Website: www.icsecurities.com

DATABANK BROKERAGE LTD

Head Offices: 61 Barnes Avenue, Adabraka, Accra, Ghana

Website: www.databankgroup.com

Telephone: 233-302-610610

BROKER-DEALERS

OBSIDIAN ACHERNAR

Registered Office: No.1 Norfo Close,

North Dzorwulu, Accra - Ghana

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APAKAN SECURITIES LTD

Registered Office: The Alberts, Ground Floor No. 23 Sunyani Avenue,
Kanda, Accra

Telephone: 233 (0)30 293 6629

Website: www.apakangroup.com

SAVVY SECURITIES LTD

Registered Office: 22 Nii Owoo Avenue, West Legon, Accra

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Email: info@savvysecurities.com

Website: www.savvysecurities.com

FINCAP SECURITIES

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