



TRINIDAD & TOBAGO SECURITIES & EXCHANGE COMMISSION



2010

ANNUAL REPORT

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Our Mission

To be an effective regulator of the capital market in which stakeholders have confidence.

Our Vision

The Trinidad and Tobago Securities and Exchange Commission is the regulatory agency for the Securities Industry. We administer the Securities Industry Act to protect the investor, promote integrity and transparency and foster the development of the capital market through a committed and competent team of professionals.

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LETTER OF TRANSMITTAL




January 31st 2011

The Honourable Winston Dookeran
Minister of Finance
Eric Williams Finance Building
Independence Square
Port of Spain

Dear Honourable Minister,

In accordance with the provisions of Section 20(1) of the Securities Industry Act, 1995, I submit the Annual Report of the Trinidad and Tobago Securities and Exchange Commission for the financial year ended September 30, 2010 together with a copy of the Annual Audited Statement of Accounts certified by the auditors.

I would be grateful if you could advise the Board when the report is laid in Parliament in keeping with the statutory requirement for copies to be made available to the public after it has been so laid.


DEBORAH THOMAS-FELIX
Chairman

FUNCTIONS OF THE COMMISSION

The **Trinidad and Tobago Securities and Exchange Commission** (the Commission) was established by the Securities Industry Act, 1995 (the Act). It is an autonomous body whose role is to provide for the regulation of the securities market in Trinidad and Tobago and for related matters. The main functions of the Commission are outlined in Section 5 of the Act as follows:

- **ADVISE THE MINISTER OF FINANCE** on all matters relating to the securities industry;
- **MAINTAIN SURVEILLANCE** over the securities market and ensure orderly, fair and equitable dealings in securities;
- **REGISTER, AUTHORIZE OR REGULATE** in accordance with the Act, self-regulatory organizations, securities companies, brokers, dealers, traders, underwriters, issuers and investment advisers, and control and supervise their activities with a view to maintaining proper standards of conduct and professionalism in the securities business;
- **PROTECT THE INTEGRITY** of the securities market against any abuses arising from the practice of insider trading;
- **CREATE AND PROMOTE** such conditions in the securities market as may seem to it necessary, advisable, or appropriate to ensure the orderly growth and development of the capital market.

THE COMMISSIONERS



Standing : • **Ms. Deborah Thomas-Felix – Chairman**
Seated : • **Dr. Shelton Nicholls** • **Ms. Marsha King**

MESSAGE FROM THE CHAIRMAN

■ Introduction

The 2008 global financial crisis has adversely impacted capital markets which has resulted in a significant decline in global economic activity and has brought the role of regulators in the spotlight. Today, regulators regionally and internationally have re-committed themselves to the protection of investors and restoring investor confidence in the capital markets through the implementation of new policies, procedures and rules in order to manage evolving risks in the financial system.



Deborah Thomas-Felix, Chairman

The challenge of the international regulatory community is to create new measures, which would expand the perimeter of regulation to include areas that were previously un-regulated or under-regulated. Regulators across the globe continue to strengthen their accountability and transparency regime as they pay special attention to the composition, design and regulation of highly complex investment products. The role of credit rating agencies has also been brought under the regulatory radar.

Locally, there have been amendments to key legislation governing the financial markets, with the Central Bank Act and the Insurance Act being addressed in the 2009-2010 period. These amendments are aimed at strengthening the existing regulatory framework.

■ The Regulatory Framework

The financial crisis has highlighted to regulators the existence of a number of very sophisticated high risk products and carefully crafted Ponzi schemes which are present in the markets, and the need for a longer regulatory reach. The challenge which the Commission faces and indeed regulators worldwide, is to keep abreast of these products and to have within our institutional structure, the necessary expertise to deal with these sophisticated forms of market abuse and market manipulation.

Those who engage in market manipulation have developed considerable knowledge of sophisticated complex products and possess the expertise in trading in those products,

expertise which does not reside with all regulators. They appear to be one step ahead while we the regulators continue to play “catch up”. There is need for an enhanced regulatory framework in Trinidad and Tobago. In this regard, the Commission eagerly awaits the passage of the new Securities Bill 2011 which would undoubtedly strengthen the existing regulatory framework for the Securities Industry.

More and more we encounter new challenges in the regulation of the market for which the existing Securities Industry Act of 1995 (SIA) makes no provisions. The Commission’s hands continue to be tied, thereby limiting the capacity for effective regulation and enforcement. In this advanced age of real time trading and sophisticated complex products, the legal regulatory framework

must keep abreast of new trends in the market and set clear parameters for the regulation of new products, and the prevention of market abuse and market manipulation.

■ Market Developments

The fiscal year, October 1st, 2009 to September 30th, 2010, was one of mixed recovery for economies and financial markets across the globe, as the threat of a reversal in the economic recovery of industrialized nations continued to dampen market sentiments.

Trinidad and Tobago’s economy has suffered considerably from the recent global financial crisis as well as from the decline in world energy prices and it is still experiencing aftershocks from the issues related to the CL Financial Group. After many years of expanding consistently, GDP contracted by 3.5 percent in 2009 according to the Central Bank of Trinidad and Tobago’s Financial Stability Report November 2010. Inflation rates rose from 1.3 percent in December 2009 to a staggering 16.2 per cent in August 2010.

The performance of the domestic economy, like that of many developed nations, remained sluggish with the economy expanding in the first two (2) quarters of the fiscal year, by 0.6 percent and 1.9 percent respectively, before contracting 0.9 percent in the third quarter. This decline reflected the slower pace of growth within the energy and non energy sectors. Despite this decline in the non energy sector, figures from the Central Statistical Office

(CSO) have shown that the finance sector expanded by 7.2 percent in the second quarter of the period under review.

Against this backdrop of sluggish economic activity, there was a slight improvement in the performance of the domestic stock market during the fiscal year. The TTSE Composite Index showed that the stock market, after falling by 26 percent during fiscal year 2008/2009, made a very small improvement within the fiscal year. The Index stood at 787.53 at the beginning of the fiscal year and closed at 821.65; an increase of approximately 4.3 percent.

However, a weakening of investor confidence was reflected in reduced trading activity, when compared to the previous fiscal year. The first quarter of this fiscal year saw the Index registering its worst performance for the period, declining by 2.83 percent. The Index picked up considerably during the following quarter, increasing by 6.85 percent. However, as if again reflecting a waning in investor confidence, the Index declined significantly over the next two (2) quarters, registering a decrease of 0.66 percent in the fourth quarter of the fiscal year.

Investors’ demand for equities remained low despite the comparatively lower returns offered by competing savings vehicles. Low interest rates prevailed across a range of banking instruments, yet commercial bank deposits increased by TT\$4 billion in the fiscal year 2010. The mutual fund industry was also negatively

impacted, with funds under management declining by TT\$4.5 billion over the period under review.

■ Regional Meetings and Issues of Cross Border Supervision

Trinidad and Tobago, as the Chair of the Caribbean Group of Securities Regulators (CGSR) for the period October 2009 to October 2010, organised and hosted activities and regional meetings for this period, primarily aimed at enhancing the regulatory capacity of the region.

The first of these was a regional training workshop which was held in Port of Spain on March 10-12, 2010. The sponsors of that workshop were the Trinidad and Tobago Securities and Exchange Commission (TTSEC), the United States Securities and Exchange Commission (USSEC) and the Caribbean Regional and Technical Assistance Centre (CARTAC). Regulators from ten (10) countries from the region, together with staff of the TTSEC and representatives of the Ministry of Finance, the Central Bank of Trinidad and Tobago (CBTT) and the Financial Intelligence Unit (FIU), the legal fraternity represented by the Attorney General’s Office and the Chief Parliamentary Counsel (CPC), as well as the Trinidad and Tobago Stock Exchange (TTSE) participated in this workshop. The Commission is of the firm view that the hosting of a workshop of this nature contributed immeasurably to the capacity building objectives of the CGSR.

MESSAGE FROM THE CHAIRMAN *continued*

Over the past year, members of CGSR have engaged in discussions on the impact of the economic crisis on the Caribbean economies and on the lack of proper cross border supervision of financial conglomerates which have a presence in territories within the region. In this fiscal year, the CGSR continued its efforts to harmonise the regulation of Mergers and Acquisitions in the region. Two meetings were facilitated by CARTAC on July 6-7, 2010 and November 2010 to discuss the progress of the Choice of Law Rules and the Common Takeover Code.

The main purpose of the Choice of Law Rules is to determine the jurisdiction which would supervise Mergers and Acquisitions involving a cross-listed entity. The Common Takeover Code is designed to facilitate the regulation of cross border Mergers and Acquisitions and to adopt a common position across the region for such transactions. It is the hope of regional regulators that the final documents would be accepted and adopted by the Governments in the respective jurisdictions as part of their legal framework. The deadline for the completion of the final draft Choice of Law Rules and the Common Takeover Code is January 31, 2011.

Ongoing Regional and International cooperation and collaboration will remain a priority on the Commission's agenda in the upcoming fiscal year.

■ Investigations and Enforcement

The Commission regards investigations and enforcement

as critical to the regulation of the Securities Industry. In this fiscal year, the Commission continued its strengthening of the skills bank of its staff in these areas. We intend to continue this capacity building, as we recognise that investigations and enforcements are the cornerstone of any regulatory framework.

The Staff of the Commission carried out enforcement proceedings against eighty (80) Reporting Issuers who failed to meet their filing obligations under the Securities Industry Act, 1995 ("the Act") and/or the Securities Industry By-laws, 1997. This exercise began in the last quarter of 2009 and continued to the end of 2010. Enforcement proceedings were determined either by way of written hearings, settlements and/or reprimands in accordance with the Securities Industry (Hearings and Settlements) Practice Rules, 2008 and the Act.

During this period, there were approximately 249 contraventions by Reporting Issuers, many of whom had either failed to file or were late in filing financial statements with the Commission.

The following are some of the investigations and enforcement activities for the period.

1. Investigations – In January 2010, the Board appointed a team of investigators in accordance with the provisions of Section 138 of the Securities Industry Act, to determine whether the offering by a particular company was legitimate or whether it was

in fact a Ponzi scheme. The investigators' report is expected to be submitted in the new fiscal year.

2. Enforcement – The staff of the Commission entered into settlement agreements with reporting issuers in respect of 171 contraventions and fines with a total value of **TT\$3,296,086.50** were imposed upon Reporting Issuers by the Commission in this period. The majority of outstanding contraventions are currently being resolved by settlement with a few others to be administered via Written Hearings.

■ Investor Protection and Education

As Chairman, I have signalled my commitment to institutional strengthening, enforcement, investor protection and education. As the Commission continues to increase its capacity to treat with the challenges of complex products and systemic risk, Investor Education is a priority.

In its strategic response to the financial crisis and the proliferation of new complex products, the Trinidad and Tobago Securities and Exchange Commission's Investor Protection program is now more all encompassing. The key component of this initiative is a variety of investor education programs which are aimed at providing investors and potential investors with information with regard to investment products. The Commission would continue this initiative in the new fiscal year.

■ Technology and Development

The Commission's website underwent significant changes to enhance its design, features and functionality in order to provide an improved user experience for all stakeholders. One noteworthy enhancement is that visitors to the site now have the capability to file complaints and request Investor Education sessions online.

Within the Information Management Division there was a re-examination of strategic purpose which resulted in enhanced infrastructure, upgraded software, the creation of a Disaster Recovery Site and improved information security in accordance with international standards. The Commission is confident that it has, in the past year, made sufficient preparation for securing its vital information and for data recovery in cases of natural disasters.

■ Changes to the Board of Commissioners

- A new Chairman to the Board of Commissioners was appointed in November 2009.
- Commissioner Francis Lewis, who has also ably served the Commission as the Chairman Pro Tem in 2009, demitted office upon the expiration of his term of appointment in April 2010.
- In October 2010 Commissioner Vishnu Dhanpaul resigned from his position on the Board.

I wish to thank Commissioner Lewis and Commissioner Dhanpaul for their invaluable contribution to the Commission and to extend best wishes to them from the Board, Management and Staff on their future endeavours.

■ Reflections

As the Commission reflects on the fiscal year past and looks to the future, there are several goals it has set for itself. Among these goals is the implementation of a risk-based supervisory approach to regulation with the aim of improving the monitoring and surveillance of the market by concentrating on systemic risks.

In addition, we at the Commission believe that greater regulatory cooperation with domestic, regional and international regulators as well as with market actors is the only way to cure some of the regulatory flaws and to strengthen our regulatory framework. The Commission is committed to working with its counterparts within the region as it strives to deepen cross border relations and to address issues such as money laundering and the financing of terrorism within a cohesive regulatory framework.

■ Acknowledgement

I would also like to acknowledge the contributions of Mr. Charles de Silva, General Manager (Acting) who retired in July 2010.

The strengthening and navigation of the organization in a year which was challenging at best was made possible by the commitment of the management and staff and the dedication of the Board of Commissioners.

Great things are seldom achieved with a singular effort, but rather with the collective energies of many, single in their purpose. I wish to thank each and every member of the Board of Commissioners, the Management and Staff for their professionalism, their passion and unwavering support in the past year.



Deborah Thomas-Felix
Chairman

SECURITIES AND FINANCIAL MARKET DEVELOPMENTS

■ Developments in the International Markets

Fiscal year 2009/2010 was marked by significant volatility in both the global economy and the global financial markets. These markets were faced with another tumultuous year as mounting uncertainty over the sustainability of the economic recovery in the developed economies adversely affected market confidence. Despite the increased uncertainty, financial markets recovered towards the end of the fiscal year 2009/2010. Additionally, the global economy continued to strengthen during the fiscal year with the emerging market economies being the main driving force of global economic growth.

The extent of economic recovery differed significantly across regions, with the Asian emerging market economies in the lead, closely followed by the Latin American economies. The IMF had estimated that emerging market economies expanded by 8 percent in the first and second quarters of 2010. Recovery within these economies was driven by buoyant internal demand which softened the effects of lowered net exports to the developed economies. In addition, resource based emerging market economies, such as Chile, benefited significantly from increases in the prices of their export commodities which served to widen their external surpluses and further strengthen their economic recovery.

Advanced economies, on the other hand, grew at a rate of 3.1 percent in the first and second quarters of 2010 as they continued to encounter challenges in economic recovery. These challenges were caused by one or more of the following: low levels of consumer confidence, high levels of unemployment ranging between 3.5 and 19.9 percent and reduced household wealth. Economic recovery, albeit

sluggish in advanced economies, has thus far been propelled by large fiscal stimulus programmes and accommodative monetary policies by central banks across the globe. As a result, significant increases in public debt became a serious concern for governments, culminating in renewed plans for fiscal consolidation in the short term, despite the possibility of a negative impact on the potential cost of output as well as growth. It should be noted that the IMF, in its World Economic Outlook report released in October 2010, projected that global output would expand by 4.8 percent in 2010 and dip marginally to 4.2 percent in 2011.

Gains in the global financial markets were reversed in the second and third quarters of the fiscal year as the public debt crisis in the Euro Zone resulted in the market losing confidence in the ability of some members to repay their debt. Borrowing costs rose and a systemic crisis was triggered as the market engaged in the disposal of sovereign debts which were perceived to be risky. The Euro Zone faced deepening challenges as global equity prices declined, led by financial

stocks in the European markets. The situation compounded existing concerns regarding the sustainability of economic recovery. The Dow Jones Industrial Average (DJIA) experienced a steep decline of 10.55 percent in the third quarter and the London Stock Exchange's FTSE contracted by 10.62 percent over the second and third quarters of the fiscal year.

The debt markets exhibited similar trends, as emerging market issuances declined sharply, risk premiums on corporate bonds widened and the issuing of corporate bonds slowed. In an attempt to arrest the declining conditions in this area, the European Union undertook initiatives in the form of the European Central Banks' Securities Market Program and the European Stabilization Mechanism. These initiatives helped to ease the downward pressures facing the international stock markets as improvements were noted in the fourth quarter of the fiscal year. The London FTSE rose 15.46 percent during the last quarter of the fiscal year to end at 5,548.08 points, while the USA DJIA advanced 10.85 percent for the same period. The equity markets

in most of the other advanced economies also climbed during the fourth quarter of the fiscal year: the German DAX and the France CAC40 increased by 6.34 percent and 11.26 percent respectively and the Japan NIKKEI rose by 1.93 percent.

Emerging equities markets outperformed their counterparts in the advanced economies as it became more evident that the former economies had rebounded at a faster pace than the latter, returning investors' confidence and capital flows to these markets. The Thai Set 50 Index grew by an exceptional 22.6 percent during the period with the India SENSEX and Brazil's Bovespa climbing 14.62 percent and 13.4 percent respectively.

The financial markets of emerging economies appear to have outperformed the advanced markets in the fiscal year, partly as a result of their ability to generate sufficient internal demand to mitigate the effects of declining trade to the advanced economies. The IMF in its World Economic Outlook database has forecasted that emerging markets and developing economies will continue to expand by 7.07 percent in 2010 and 6.43 percent in 2011 respectively.

■ Regional Market Developments

The Caribbean region continued to suffer the impact of the global economic crisis. Over the 2009/2010 fiscal year, the regional governments of both Barbados and Jamaica, for example, faced

widening fiscal deficits which precipitated a series of credit ratings downgrades on their sovereign debts. The negative impact of these credit downgrades was felt in both stock markets. An overview of the Barbados and Jamaica stock markets performance is provided below.

JAMAICA STOCK MARKET

Economic Background

Jamaica faced a number of economic challenges during the last fiscal year which emanated from the ongoing global economic and financial crisis. Much like the developed economies, Jamaica experienced a rapid escalation in its public debt which was exacerbated by the effects of the economic slowdown. The continued deterioration in its fiscal position prompted a series of rating downgrades on Jamaica's sovereign debt from major international credit rating agencies. During the course of the 2009/2010 fiscal year Jamaica's sovereign debt was downgraded to C and Caa2 by Fitch Ratings and Moody's Investor Services respectively, while Standard and Poor's (S&P) downgraded Jamaica's debt to Selective Default (SD). These successive negative rating actions placed more pressures on the domestic foreign exchange and bond markets, further weakening an already fragile financial system. The magnitude of these economic and financial shocks prompted the Government of Jamaica (GOJ) to undertake much needed economic reform to improve its public debt and fiscal position

and ultimately return stability to the domestic capital market. As part of its fiscal reform agenda, the GOJ entered into a 27-month Stand-By Arrangement with the IMF in the amount of US\$1.27 billion and embarked on a debt management programme, namely the Jamaica Debt Exchange (JDX). The JDX, which was a prerequisite for approval of the IMF Stand-By Arrangement, involved the voluntary exchange of existing GOJ bond issues held by institutional and retail investors for instruments of longer maturities and lower interest rates. This debt management strategy essentially served to lower the Government's debt-servicing costs (interest and principal payments) and therefore reduce its financing needs. The successful implementation of these two (2) initiatives had positive and wide-ranging consequences for the stability of Jamaica's economic and financial landscape.

Market Performance

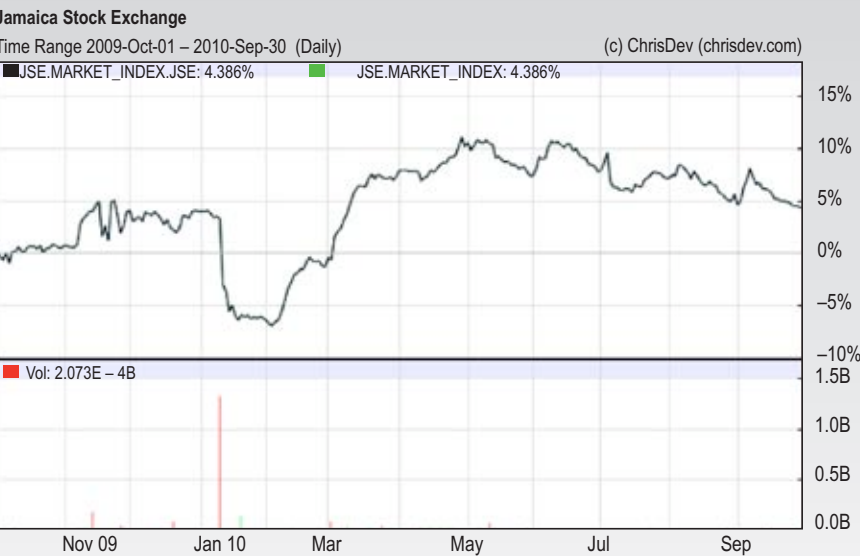
Although Jamaica continued to face the repercussions of the global financial crisis over the 2009/2010 fiscal year, the performance of the Jamaica stock market improved in this same period. The JSE Market Index posted a gain of 4.61 percent in the twelve (12) months to September 2010. The increases in Jamaican equities compared favourably to the 2008/2009 fiscal year in which the broad market index was down by 20.64 percent. The improvement in the market occurred in the context of continued stability in the foreign exchange and bond markets, relatively stable macroeconomic

conditions and a return of investor confidence in the domestic financial market following the successful completion of the JDX and IMF Stand-By Arrangement.

The stock market began the 2010 fiscal year on a positive note as the JSE Market Index posted a moderate gain of 4.24 percent in the three (3) months to December 2009. During this period, Jamaica's sovereign debt faced a series of downgrades by international credit rating agencies as the country's fiscal position deteriorated. The consequent instability in the market for GOJ bonds, and the low interest rates prevailing for fixed income securities, increased investor appetite for equities.

Notwithstanding the improved prospects in the stock market, the JSE Market Index got off to a rough start in January 2010 during which the Index declined by 9.79 percent, the worst monthly performance for the 2009/2010 fiscal year. Much of the decline during this month occurred on January 12th, 2010 when the JSE Market Index lost 6.12 percent of its value on this single trading day. The steep fall-off in equities occurred amidst widespread uncertainty over the success of the JDX programme (launched on January 14th, 2010). The announcements of further downgrades of Jamaica's local sovereign credit ratings¹ by Fitch Ratings and S&P on the day of the

Figure 1:
JSE Market Index: October 1, 2009 – September 30, 2010



JDX launch, dealt another blow to market confidence.

These bearish conditions proved short-lived as the market rebounded to post a gain of 14.43 percent in the following two (2) months - February and March 2010 - closing at 86,010.60 points at March 31st, 2010. This market rally was supported by a marked improvement in investor confidence in the local capital market following the successful completion of the JDX programme and the approval of the IMF Stand-By Arrangement on February 22nd, 2010. Following the signing of the IMF Stand-By Arrangement, both Fitch Ratings and S&P upgraded their sovereign credit ratings on Jamaica local currency debt to B- from C, while Moody's raised its ratings on Jamaica local currency debt to B3 from Caa2.

These ratings upgrades reflected the anticipated benefits of the IMF Stand-By Arrangement to Jamaica. The market bottomed out at the end of April 2010 where the Index reached a high of 88,332.24 points. Despite the favourable trends in the stock market, the JSE Market Index ended the 2009/2010 fiscal year on a negative note, declining by 2.78 percent over the last two (2) quarters of the period. The poor performance of the market over this period may be attributed to the poor earnings results of several listed companies, which continued to be affected by the slowdown in economic activity. The performance of several listed companies in the Finance and Insurance Sector were also negatively impacted by the JDX programme. These companies faced a decline in their interest income from their GOJ holdings

¹ On the announcement of the JDX programme on January 14, 2010 Fitch Ratings downgraded Jamaica's local currency sovereign credit ratings to 'C' from 'CCC'. On that same day, S&P also lowered Jamaica's local sovereign credit ratings to 'selective default' from 'C'. Both rating actions were triggered by concerns over the success of the debt exchange programme.

Mergers & Acquisitions

On January 11th, 2010 Intralot Caribbean Ventures Limited, the Caribbean subsidiary of Greek technology firm, Intralot SA, acquired an additional equity stake in Supreme Ventures Limited (SVL) to bring its total equity holdings to 49.9 percent, just short of the 50 percent threshold required to trigger a takeover under JSE rules.

BARBADOS STOCK MARKET

The Barbados stock market struggled in fiscal 2009/2010 as the recessionary conditions which existed domestically continued to weigh heavily on market confidence. In the face of these challenges, the Barbados stock market continued to trend downward during the fiscal year, unlike its regional counterparts in Jamaica and Trinidad, both of which rebounded during this period. In the twelve-month period to September 2010, the Barbados Stock Exchange (BSE) Composite Index declined by 13.97 percent bringing the total decline over the last two (2) successive fiscal years to 31.02 percent. During this two-year period, the market suffered a significant decline in wealth as the market capitalization on the Exchange plummeted to approximately Bbd\$11 billion (TT\$33 billion) at the end of September 2010, Bbd\$4.5 billion (TT\$13.5 billion) less than the value recorded at the start of the 2008/2009 fiscal year. Thirteen (13) stocks posted declines for the 2009/2010 period, eight (8)

stocks gained in price and two (2) stocks were unchanged.

The BSE Composite Index declined by 9.88 percent over the first three quarters of the 2009/2010 fiscal year. The stock market experienced some volatility when the BSE Composite Index fell off sharply on July 1st, 2010, losing 3.9 percent of its value on that single trading day. This dramatic fall pushed the decline for the fiscal year to date to 13.41 percent. A measure of stability returned to the market thereafter and for the

year to September 2010 was on par with the levels witnessed in the previous fiscal year, it remained well short of pre-crisis levels. The volume of shares traded dropped from 70.56 million in the 2007/2008 fiscal year to 8.12 million shares in the 2009/2010 fiscal period; there was also a corresponding fall in the values of shares traded from Bbd\$498.71 million (TT\$1.5 billion) to Bbd\$28.45 million (TT\$85.35 million).

Figure 2:
BSE Composite Index: October 1, 2009 – September 30, 2010



remainder of the fourth quarter, from July 2nd, 2010 to September 30th, 2010, the BSE Composite Index posted a marginal decline of 0.64 percent.

There was continued market inactivity on the BSE during the 2009/2010 fiscal year. While trading activity on the BSE in the

The BSE suffered a blow with the delistings of cross-listed company, Grace Kennedy Limited on June 30th, 2010. The decision to delist was as a result of the low levels of trading in the stock on the Exchange. To further underscore the bearish mood of the stock market, Sagicor Financial Corporation (SFC) decided to go

the route of a private placement with National Insurance Board of Barbados in the amount of Bbd\$39 million (TT\$117 million) in favour of a rights issue on the stock market. The company stated that market conditions were not appropriate for raising capital at the time.

As Barbados continued to grapple with the slowdown in economic activity over the period, the Government of Barbados (GOB) was confronted with fiscal challenges which further weakened investor confidence in the market. The GOB experienced a sharp fall-off in tax revenues which severely widened its fiscal deficit and placed an added burden on public debt. Statistics from the Central Bank of Barbados's Economic Review revealed that the country's fiscal deficit as a percentage of GDP rose to 9.3 percent at the end of September 2010 and the ratio of net general debt to GDP rose to 54.9 percent, the highest level since 2005. In light of the continued weakening of the country's fiscal position, international credit rating agency S&P downgraded the country's foreign and local currency ratings on two occasions: from BBB+ to BBB on November 13th, 2009 and from BBB to BBB- on October 22nd, 2010. However this rating was still investor rated.

Mergers & Acquisitions

There were no mergers and acquisitions in Barbados during the 2008/2009 fiscal year.

TRINIDAD AND TOBAGO SECURITIES MARKET DEVELOPMENTS

Trinidad and Tobago Stock Market

The Trinidad and Tobago stock market showed signs of recovery in the 2009/2010 fiscal year as the Trinidad and Tobago Stock Exchange (TTSE) Composite Index rose by 4.33 percent in the twelve-month period to September 30th, 2010 (Figure 3).

In keeping with the increasing trend in equity prices the level of market capitalization on the Exchange rose by TT\$4.7 billion during the period and stood at TT\$76.1 billion at the end of September 30th, 2010 (Figure 4). The improvement in the stock market occurred

against a subdued economic environment characterized by low levels of business and consumer confidence. Within this context investor sentiment remained weak and this was reflected in lower trading activity on the stock exchange. Despite the upswing in the stock market, the volume of shares traded over the 2009/2010 fiscal year remained 7.12 percent lower than in the same period in the previous fiscal year.

In the first quarter of fiscal year 2009/2010, the TTSE Composite Index fell by 2.83 percent, despite excess liquidity in the economy and prevailing low interest rates. Investor appetite for stocks remained weak as investors sought the safety of cash and fixed income securities.

Figure 3: TTSE Composite Index: October 1, 2009 – September 30, 2010

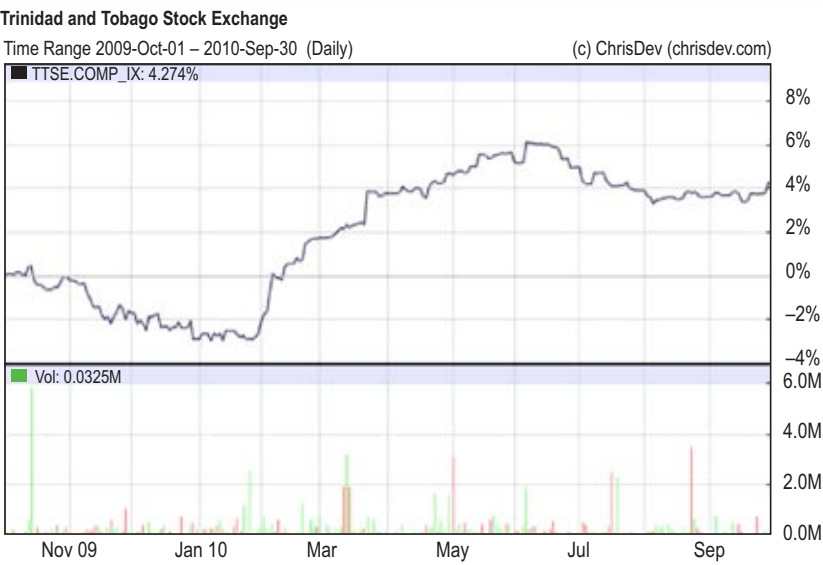
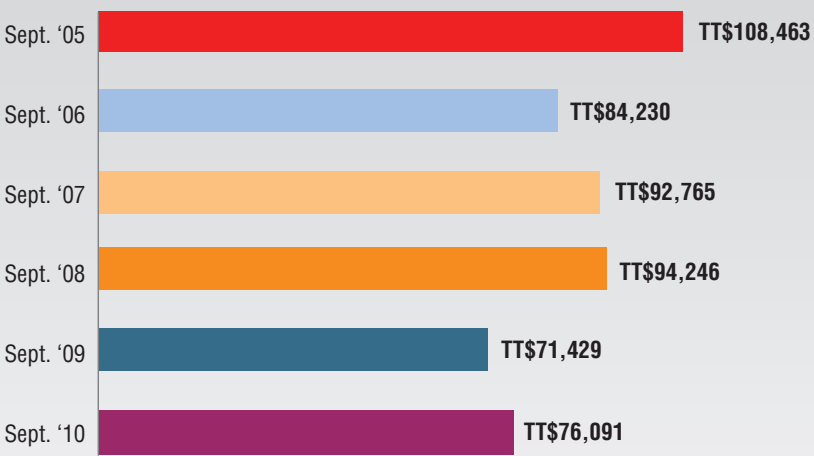


Figure 4: TTSE Market Capitalization (TT\$): 2005 – 2010



The stock market rebounded in the second quarter during which the TTSE Composite Index posted a gain of 6.85 percent and the market capitalization on the Stock Exchange increased by TT\$4.9 billion. The market rally was accompanied by heightened trading activity on the stock exchange. In the period January to March 2010, 25.56 million shares were traded which compared favourably to the same period in 2009 where 17.36 million shares were traded. Despite the significantly higher trading values registered in the January - March quarter in 2010, there was a marked fall-off in the value of shares traded when compared to the same period in 2009. Trading remained concentrated on low-priced Jamaican cross-listed companies: traded values amounted to TT\$238.96 million in the second quarter of 2009/2010 compared to TT\$381.69 million

in the same period in 2008/2009. The Jamaican cross-listed companies, namely, National Commercial Bank of Jamaica (NCBJ), Jamaica Money Market Brokers (JMMB) and Supreme Ventures Limited (SVL), accounted for 44.01 percent of the total traded volumes (11.25 million shares) during the second quarter of 2009/2010.

Following the bull-run earlier in the year, the market lost momentum in the third quarter of the 2009/2010 fiscal year as the Index posted a smaller gain of 1.16 percent. The market ended the review period on a declining note as the TTSE Composite Index posted a loss of 0.66 percent in the last quarter of the 2010 fiscal year. In the face of continued contraction in economic activity, many listed companies across all sectors of the stock exchange recorded flat earnings results

during the period, which further depressed market confidence. The 2010/2011 Budget Presentation proposed measures to provide relief to depositors/investors of Colonial Life Insurance Company (CLICO). However, the market reacted negatively to the Government's proposed pay-out plan which involved the issue of 20-year tradable, zero interest rate, Government IOU. The long-term horizon and the no-interest feature of these instruments affected investors who faced losses.

The performances of the individual stocks in the twelve (12) months to September 2010 were mixed. There were twelve (12) advances and eleven (11) declines and the remaining six (6) stocks remained unchanged². The percent change in the Composite Index by quarter and top advances and declines are shown in Tables 1, 2 and 3.

Mutual Funds

The mutual fund industry suffered setbacks during the 2009/2010 fiscal year. Funds under management (FUM) declined by TT\$4.5 billion over the period and stood at TT\$41.1 billion at the end of September 2010 (Figure 5). This decline was concentrated within the Income Fund class, which experienced an exit of investors in the month of December 2009. This followed the announcement by an Issuer of a change in the method of reporting its mutual fund performance

2 The two (2) delisted securities: Furness Trinidad Limited and Valpark Shopping Plaza Limited were excluded from this analysis.

SECURITIES AND FINANCIAL MARKET DEVELOPMENTS *continued*

from a fixed to a floating Net Asset Value (NAV). This development had negative ripple effects across the mutual fund industry. Following this period of volatility, the industry recovered somewhat, with FUM increasing by 2.9 percent representing a value of TT\$1.1 billion over the nine-month period, January to September 2010.

Market Developments

- MERGERS & ACQUISITIONS

Agostini's Limited acquisition of Smith Robertson & Company Limited and SuperPharm Limited.

On August 11th, 2010 Agostini's limited acquired 100 percent of the shareholding of Smith Robertson & Company Limited and SuperPharm Limited from Victor E. Mouttet Limited (VEML). The transaction involved the issuance of 29,526,008 new shares in Agostini's to VEML, which represented 50.4 percent of the issued share capital of Agostini's Limited. An independent valuation was performed on Agostini's Limited shares for the purpose of the transaction, which resulted in a price of TT\$9.64 per share, a premium of 28 percent on the trading price of TT\$7.50 on the date of the valuation of December 21st, 2009.

Guardian Holdings Limited Sale of GAMJA

On August 17th, 2010 Guardian Holdings Limited (GHL), the parent company of Guardian Asset Management Jamaica Limited completed the sale of 100 percent

Table 1: Percent change in the Composite Index by Quarter during fiscal year 2009/2010

Quarter	Opening Value	Closing Value	Percentage change (%)
1	787.53	765.28	(2.83)
2	765.28	817.72	6.85
3	817.72	827.21	1.16
4	827.14	821.65	(0.66)

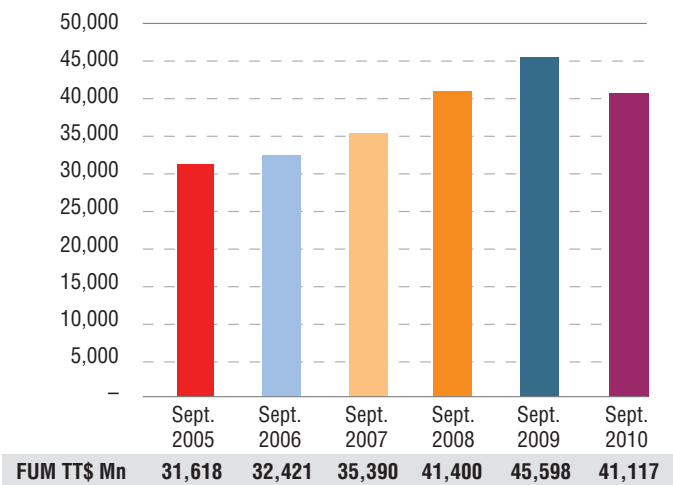
Table 2: Top 3 Gainers: October 2009 - September 2010

Gainers	Opening Price	Closing Price	Change (%)
National Commercial Bank Jamaica Limited	0.95	1.50	57.89
National Enterprises Limited	6.31	9.50	50.55
The West Indian Tobacco Company Limited	28.00	41.27	47.39

Table 3: Top 3 Losers: October 2009 - September 2010

Losers	Opening Price	Closing Price	Change (%)
Capital and Credit Financial Group Limited	0.52	0.25	(51.92)
Point Lisas Industrial Port Development Corporation Limited	8.10	5.75	(29.01)
Trinidad Cement Limited	4.18	3.05	(27.03)

Figure 5: Mutual Funds (TT\$M) – Funds under Management: 2005 – 2010



of the shares of Guardian Asset Management Jamaica Limited to Jamaican investment company, Proven Investment Limited. The operations of Guardian Asset Management in Trinidad and Tobago have not been affected by this transaction.

Guardian Holdings Limited sale of European Motor Insurance Companies

On December 31st, 2009 Guardian Holdings Limited (GHL) finalized the sale of its Gibraltar based insurance carrier, Zenith Insurance, and its UK based insurance service company, GHL Insurance Services UK Limited to MarkerStudy Holdings, a Gibraltar based insurance company. The transaction is subject to regulatory approval from both the Financial Services Commission (FSC) in Gibraltar and the Financial Services Authority (FSA) in the UK.

- NEW LISTINGS

BCB Holdings Limited - Listing of Shares

BCB Holdings Limited, a financial services company from Belize, was cross-listed on the Trinidad and Tobago Stock Exchange on October 28th, 2009. A total of 103,642,984 Ordinary Shares in BCB Holdings Limited were listed on the Exchange at a price of TT\$12.38 per share. The company is also listed on the London Stock Exchange (LSE).

- DELISTINGS

The Trinidad and Tobago Stock Exchange requested the delisting

of two (2) securities during the period under review:

Alstons Limited

An Order dated April 9th, 2010, was granted for the delisting of 172,232 Alstons Limited 7 percent Cumulative Preference Shares.

Barbados Shipping & Trading Company Limited (BS&T)

In 2008, Neal and Massy Holdings Limited acquired 97.19 percent of the shareholding in BS&T, a cross listed security on both the Trinidad and Tobago and Barbados Stock Exchanges. The company however intends to remain listed on the Barbados Stock Exchange in order to address matters relating to the combined entities. At the end of the financial year no final Order for delisting of the shares in BS&T was issued.

INSTITUTIONAL DEVELOPMENTS

The Commission is responsible for approving changes to the Rules of the Trinidad and Tobago Stock Exchange (a registered Self-Regulatory Organization). During the 2009/2010 financial year, the Stock Exchange requested amendments to Rule 405 and its related Horizon Rule 12.8. These rules relate to the closing price of a stock. The Stock Exchange requested the amendment to introduce an effective closing price. As at the close of the financial year, a decision was still pending.

MANAGEMENT DISCUSSION



L-R, standing: • **Arlene Popplewell-Stephen** – Manager Communications • **Hazel Ramsingh-Persad** – Director Corporate Services
• **Ronald Phillip** – Director Policy, Research and Planning • **Lystra Lucillio** – Director Information Management
Seated: • **Norton Jack** – Deputy General Manager (Acting)

■ Developing and Delivering Programmes of Investor Education

Print campaign for niche groupings

The Investor Education Programme extended its reach through the publication of an article on its role and function in the Trinidad and Tobago Association of Responsible Persons’ (TTARP) quarterly newsletter which was distributed to the Association’s 22,000 plus members. Additionally a feature article was published in the T&T Chamber of Commerce and Industry’s Contact magazine which highlighted the focus of the Commission as it applied to how it regulates the market. The article also detailed some of the key facets of the Securities Bill 2010, which seek to bring the Commission’s regulatory regime to the level of best international practice.

Investor Education Television Campaign

The Commission partnered with the National Entrepreneurship Development Company Limited

(NEDCO) in a Business Watch programme. The objective of the programme was to explain how businesses contributed to the development and success of Trinidad & Tobago’s economy. The programme included a thirteen (13) part series aired between June and September 2010. In her interview, Chairman Deborah Thomas-Felix explained the functions of the Commission and also shared her vision for the way forward.

Public Education Campaign

The 2009/2010 investor education programme was deployed using a variety of print media initiatives. TSTT’s billing service was engaged to disseminate over 240,000 brochures to residential consumers. The brochure, which also provides the “Dos and Don’ts of Investing”, was distributed to collaborating stakeholder groups including; credit unions, TTARP and market actors. A print ad campaign under the “Invest with Confidence” tagline clarifying the

Commission’s roles and functions was published in the three (3) daily newspapers for the benefit of the general public.

The Programme continued to sensitise persons to the importance of submitting formal complaints and accordingly, the number of complaints received has increased in the last two (2) years. The Commission continued to remind existing and potential investors of their rights and responsibilities in relation to investments and as to the procedures for lodging complaints.

New brochure development

Four (4) new investor education brochures on ‘Types of Investment Instruments’, ‘Investing for Life Stages’, ‘Avoiding Scams’ and ‘Lodging a Complaint’ were developed and distributed to existing and potential investors. These brochures were distributed during investor education outreach sessions and through other collaborations with stakeholders.

■ Stakeholder Communications Initiatives

Meetings

The new Chairman engaged in stakeholder meetings with market participants, reporting issuers and the media both in Trinidad and in Tobago. She emphasized the Commission’s raison d’être of promoting investor confidence in the market, while protecting the public’s interest, always

mindful of the delicate balance between regulating the market and promoting investor confidence.

Publications on enforcement action

The Chairman’s focus on increased enforcement action and transparency of operations, has resulted in the Commission’s

publication of forty-two (42) contravention orders for settlement regarding penalties for breaches of the Act. These are also posted on our website.

Website

The website has undergone significant changes to enhance its design, features and functionality.

MANAGEMENT DISCUSSION (continued)

Stakeholder Communications Initiatives (continued)

The result was an improvement in its user interface making it a more efficient information portal for all stakeholders. The new features included a new and improved home page, consisting of a scrolling banner for the prominent display of key areas of interest, graphical quick links sorted by user groups for easy navigation to sub-components of the site, as well as the display of the latest updates on all publications. The re-designed website also features:

- a Media Room containing speeches and presentations, audio, photos and other forms of media content;
- an industry activity report feature for the statistical analysis of market activity;
- enhanced search capabilities for sourcing registrants and securities information;
- the ability to file complaints and book Investor Education sessions online.

Information and Communication Technology

The focus of the Information Management (IM) Division was primarily the implementation of strategic objectives initiated and planned in the previous fiscal year.

To achieve stated objectives, upgraded applications and

Caribbean Group of Securities Regulators

The Commission hosted and chaired the 6th Annual Caribbean Group of Securities Regulators (CGSR) Meeting at the Hyatt Regency Trinidad, Port of Spain, from October 22nd to 23rd, 2009. The theme of the meeting was *“Beyond the Crisis: Regional Initiatives in Regulatory Reform.”*

Securities regulators from ten (10) jurisdictions including Anguilla, Bahamas, Barbados, BVI, Eastern Caribbean, Guyana, Jamaica, Netherlands Antilles, St. Kitts, and St. Vincent and the Grenadines, participated. Representatives from the Caribbean Regional Technical Assistance Centre (CARTAC) as well as the Caribbean Community (CARICOM) attended the two-day workshop which consisted of presentations and round table discussions.

The first day’s session, which was open to market participants, the media and specially invited guests,

technological enhancements were implemented to allow for timely access to information, protection of vital records, improved registration management and increased user productivity. IM facilitated training of staff, through the use of classroom and online

featured presentations on the following topics:

- Unregulated Financial Markets & Products;
- The Regulatory Response to the Crisis;
- Improving Regional Regulatory Cooperation;
- The Role of the College of Regulators;
- Towards a Regional Takeover Code; and
- Best practice for Government Intervention in the Regional Financial Sector.

The second day consisted of a closed door meeting for CGSR members only. Included on the agenda were collaborative approaches to manage the effects of the global financial crisis on the economies of the region.

An interim roundtable meeting was hosted in July, 2010. This meeting allowed the members the opportunity to finalise the CGSR Memorandum of Understanding, which is due for sign off within the next fiscal year.

sessions, to promote the proficient utilization of information and communication technology (ICT).

The Commission will continue to review and add functionalities to allow for improved interactions with all stakeholders.

Registration of Market Actors and Securities

As at September 30th, 2010 there were 205 market actors and reporting issuers registered with the Commission as compared to 211 registered in the previous financial year (See Table 4).

During the fiscal period, four (4) companies were deregistered as reporting issuers, with one (1) application for deregistration pending as at the close of the financial year.

Registration of Securities

During the financial year, the Commission registered thirty-three (33) securities, an increase of four (4) over the twenty-nine (29) securities registered in the previous financial year. The total value of securities registered, excluding collective investment schemes, was approximately TT\$10.5 billion, up from TT\$6.9 billion in the previous fiscal year (See Table 5).

Of the approximately TT\$10.5 billion in new securities registered for the period, debt securities accounted for just under TT\$9.78 billion or 92.7 percent of the total value of securities, while equity securities were valued at an estimated TT\$769.7 million or 7.3 percent of the total.

Debt Securities

There was an increase in activity within the local bond market over the course of the financial year. Fifteen (15) debt securities

Table 4: Market Actors and Reporting Issuers Registered with the Commission: October 2009 – September 2010

Class of Registration	As at Sept 30, 2010	As at Sept 30, 2009
MARKET ACTORS		
Brokers	29	29
Investment Advisers	22	25
Securities Companies	33	33
Self Regulatory Organizations	2	2
Traders	22	20
Underwriters	2	2
Total Market Actors	110	111
OTHER		
Reporting Issuers	95	100
Total Registrants	205	211

with an aggregate value of TT\$8.9 billion were registered with the Commission as compared to eleven (11) securities valued at TT\$4.9 billion in the previous fiscal year. All debt securities issued during the reporting period, with the exception of one (a floating rate bond issued by Trinidad Cement Limited (TCL) for TT\$126 million), were fixed rate bonds.

Of the fifteen (15) issues, fourteen (14) were denominated in local currency at a value of TT\$8.6 billion, representing 96.4 percent of the face value of debt securities issued over the period. The remaining security was denominated in US dollars at a value of US\$52 million or TT\$327.6 million, accounting for 3.6 percent of the value of debt issues.

Table 5: Securities Registered by the Commission: October 2008 – September 2010

Classes of Securities	2009 -2010	Value of Securities TT\$M	2008 -2009	Value of Securities TT\$M
Debt Securities	15	8,981.9	11	4,899.6
Derivative (Debt) Securities	3	791.6	6	2,026.8
Equity Issues	8	769.7	10	34.8
Mutual Funds	7	–	2	–
Total	33	10,543.2	29	6,961.2

MANAGEMENT DISCUSSION (continued)

Registration of Market Actors and Securities (continued)

As in the previous fiscal year, public sector borrowers were the largest issuers of debt securities, both in terms of the number and value of issues, for fiscal 2010. The central government, statutory bodies and state enterprises accounted for eleven (11) issues of debt securities, raising approximately TT\$8.1 billion. This represented 90.2 percent of the total value of debt issued over the period. Three (3) of the eleven (11) debt securities were issued by the central government to the value of TT\$4.8 billion, to fund budgeted expenditure, while four (4) valued at TT\$1.4 billion were issued by the National Insurance Property Development Company Limited (NIPDEC) for the financing of infrastructure projects.

A total of approximately TT\$876 million was raised by the private sector via four (4) issues of debt securities over the fiscal year, representing 9.7 percent of the total debt issued over the period. The largest debt securities were issued by Neal and Massy Holdings Limited and Ansa Merchant Bank Limited valued at TT\$350 million each.

Derivatives

The decline in activity in the derivatives market continued in fiscal year 2010, with three (3) issues being registered compared to six (6) in the previous year. These securities all comprised certificates of participation based on fixed rate bonds. All but one of the derivatives were denominated in local currency, valued at

TT\$415.7 million, the exception being a US\$59.7 million certificate of participation in a fixed rate bond issued by NIPDEC.

Equities

During the financial year the Commission registered eight (8) equity issues representing 60.2 million shares with an aggregate value of approximately TT\$769.7 million. This constituted a significant increase in the value of equity offerings, relative to the previous year when 105.5 million shares were registered with an estimated value of TT\$34.6 million. The equity securities in the current period were distributed pursuant to stock compensation plans (6), acquisitions (1) and other (1) (See Table 6).

Table 6: Equity Issues by Type: October 2009 – September 2010

Equity Issues	No. of issues	No. of shares '000,000	Value of Shares TT\$M
ESOP/MSOP	6	1.0	9.6
Acquisitions	1	29.5	285.0
Other	1	29.7	475.1
Total	8	60.2	769.7

Employee Stock Compensation Plans (ESOPs) and Management Stock Compensation Plans (MSOPs) accounted for approximately 1 million shares valued at TT\$9.6 million. Three (3) of these were issued by local organizations valued at TT\$8.2 million, while the remaining three (3) were issued by GraceKennedy Limited of Jamaica valued at TT\$1.4 million.

Approximately 29.5 million shares valued at TT\$285 million were registered for issuance pursuant to the amalgamation of Agostini’s Retail Limited and Agostini’s Health Care Limited with Smith Robertson and Company and Superpharm Limited. This transaction represented 49 percent of the total shares issued for the year, while the value represented 37 percent of the total value of shares.

Guardian Holdings Limited issued an estimated 29.7 million shares valued at TT\$475.1 million during the reporting period, for the purpose of capital injection. This issue accounted for 49.3 percent of the total shares issued and 61.7 percent of the total value of shares issued for the fiscal year (See Table A8 - Appendices).

Collective Investment Schemes

The Commission registered seven (7) collective investment schemes during the financial year October 1st, 2009 to September 30th, 2010, compared to two (2) in the previous year. Of these, four (4) were local funds and three (3) were foreign, originating in Barbados and the British Virgin Islands. The funds registered were denominated in TT\$, US\$, Bbd\$ and Euro.

Monitoring Market Developments and Behaviour

Investor Complaints

Seventeen (17) investor complaints were received in the financial year 2009/2010, almost the same number as the previous year, which saw sixteen (16) complaints being received. In most cases, inquiries were initiated to determine whether any breaches of the Securities Industry Act, 1995, occurred.

- Eleven (11) complaints were received from investors who were unable to recover funds from several companies. A formal inquiry was launched into the activities of the companies concerned and enforcement proceedings were commenced for breaches of the Securities Industry Act 1995. Among these was one investor who was unable to recover funds from an unregistered entity purporting to offer a security. The scope of this inquiry was widened to other similarly affected investors, enabling an investigation into possible breaches of the Securities Industry Act.
- A complaint was lodged against a registrant in relation to its management fees. The complainant however, could not provide sufficient information to substantiate the allegations and no further action could be taken in that regard.
- There was also a complaint regarding an institution’s

alleged failure to issue promised returns, but there has been no response by the complainant to requests for follow up information.

- The Commission received two anonymous complaints which staff found difficulty in following up on, as additional information could not be sought from the complainants. A decision had to be taken to close the matter since no admissible evidence could be gathered from the complainants.

At the close of the financial year, these actions remained ongoing.

Other Regulatory Issues

Continued surveillance activities by staff resulted in inquiries being made to ensure that persons were not operating in breach of the relevant legislation. Some of these matters included:

- An inquiry into trading as a Principal – this was intended to ensure that a broker’s competing bids in several transactions were not preferred over those of clients’ bids; this matter was closed after no evidence of a breach was found;
- Review of trading in a security in which there appeared to be abnormally high volume trading, which is sometimes indicative of possible trading abuse. Inquiries revealed no

actionable evidence and the case was closed;

- Some trading activities on the Trinidad and Tobago Stock Exchange raised regulatory concerns for, and are receiving the attention of, staff of the Commission, specifically, trades between related parties (trades “put-through the market”), cross trades (trading on both the buy and sell sides of a transaction by the same broker) and Error accounts.

The Commission also reprimanded or instituted enforcement action against entities for other regulatory issues including:

- Failure to report the acquisition of more than 10 percent of the shareholding of a reporting issuer in contravention of the Securities Industry (Take-Over) By-Laws;
- Placement of advertisements in the press by unregistered entities soliciting investment funds from persons for unregistered securities;
- Failure to conform to the Commission’s Guidelines on Presentation Standards for the Promotion of Collective Investment Schemes.

■ Operations Overview

Training and Development

The hosting of local training programs for the staff of the Commission continued to provide the most effective return on investment for our training dollar, where a wider cross section of staff was exposed to the key regulatory fundamentals and new developments in the area of capital markets and securities regulation.

From March 10th to 12th, 2010 the Commission hosted a regional training programme which focussed on areas of immediate concern in the international and regional capital markets. This programme was designed to be a forum for the exchange of best practices in the development and regulation of capital markets presented through a series of lectures, roundtable discussions and case studies. Our partnership with the United States Securities and Exchange Commission (USSEC) was renewed, with the USSEC providing a team of well trained and knowledgeable facilitators who shared their insights on capital market development, enforcement, and the examination of market participants. CARTAC also lent support with part funding for the workshop and provided sponsorship for the attendance of regulators from the other Caribbean territories.

In attendance were thirteen (13) regional participants, twelve (12) local participants and fourteen (14) members of staff from the

Commission. Some of the major areas covered in the workshop included:

- Key Elements of an Effective Enforcement Program;
- The Supervisory Process for Broker/Dealers and Investment Advisers;
- Broker Dealer and Investment Advisor Examinations; and
- Investigating and Prosecuting Market Manipulation.

Further, in an attempt to sensitise and build the knowledge base of our local law enforcement counterparts and members of the legal fraternity, the following local agencies participated in the programme:

- Central Bank of Trinidad & Tobago;
- Financial Investigations Unit;
- Ministry of the Attorney General;
- Office of the Chief Parliamentary Counsel;
- Trinidad & Tobago Stock Exchange Ltd.

The programme was also part of our deliverable to our regional counterparts in our role as the Chair of the CGSR group.

In addition to the attendance at these training programmes geared towards securities regulation, general training continued in both technical and skilled-based development programmes for all staff of the Commission. These

programmes covered areas such as regulatory structure, financial education, corporate governance and anti-money laundering.

Over the fiscal period October 1st, 2009 to September 30th, 2010, the Commission participated in several leading international and regional fora on the direction and focus of regulation of the securities markets. These included attendance at the International Organization of Securities Commissions (IOSCO) Annual Conference, Council of Securities Regulators of the Americas (COSRA) and the CGSR Meetings.

These meetings focused on the 'lessons learnt' perspective of the global regulatory community in the aftermath of the financial crisis. IOSCO, the internationally recognized authority for securities regulation, recently revised their objectives and principles. Since their inception in 1983, these objectives and principles have become the *raison d'être* for securities regulators. The new principles "*address concerns regarding systemic risk in markets, recognizing the vital importance of this concept, and emphasize the need to look over the perimeter of regulation. Additionally, the new principles address other market practices highlighted during the global financial crisis, as well as credit rating agencies, hedge funds and auditor oversight and independence. The new principles also address conflicts of interest throughout the capital market,*

■ Operations Overview (continued)

*including the issuance of securitized products"*³.

Staffing

The staff complement remained constant with forty-eight (48) members as at October 1st, 2009 and September 30th, 2010 respectively. During the fiscal year there were four (4) hires and four (4) departures.

In July 2010, the Commission recruited a General Counsel who was designated Officer-in-Charge of the Commission by the Board of Commissioners.

As at September 30th, 2010, the General Manager's position remained vacant. The search for a suitable candidate to fill the position continues.

IOSCO Multilateral Memorandum of Understanding

At the Annual IOSCO conference held in June 2010, it was reported that 96 percent of the IOSCO members have either met the requirements needed to become signatories or committed themselves to legislative changes that will allow them to do so. The application process continued well into fiscal year 2010 as the Commission was required to clarify and provide additional information in respect of its submissions. At present, Trinidad and Tobago

currently holds Appendix B status as all the legislative requirements to become an Appendix A signatory have not been met. Full compliance with IOSCO however, will necessitate further revisions to our new draft legislation in areas such as obtaining bank records and information sharing with other regulators. It was anticipated that the new Securities Bill, 2010 would have been passed by Parliament, following the initial debate in the Lower House in July 2009. The debate on the Bill subsequently lapsed when Parliament was prorogued at the call of general elections in May, 2010. The debate on the Securities Bill, 2011 is expected to resume within fiscal year 2010-2011.

IOSCO's new deadline for all members to become Appendix A Signatories is January 2013.

3 IOSCO News Release: June 6th, 2010: "Final Update 35th Annual Conference of The International Organization of Securities Commissions"

STAFF OF THE COMMISSION



Standing, l-r : • Timothy Mar • Curlene James • Bevan Gibson • Carol Noel • Khaleel O'Brien
Seated, l-r : • Lystra Lucillio • Charmaine Howard



Seated : • Arlene Popplewell-Stephen
Standing : • Rachael Rampersad



Standing, l-r : • Amberlene Joseph • Kavena Ramsoobhag • Ronald Phillip • Patrice Hernandez
Seated, l-r : • Anderson Sooparlle • Nina Antoine

STAFF OF THE COMMISSION



Standing, l-r : • Danielle Rampersad • Deborah Boynes • Cindy Phillip • Raphael Romany
Seated, l-r : • Ava Solomon • Norton Jack



Standing, l-r : • Nikita Deobhajan • Arlene Francis • Cylette Thomas • Frank Isaac • Darcelle Barran • Ria Badree
• Kolette Walters • Anira Abraham
Seated, l-r : • Cheryl Cameron • Hazel Ramsingh-Persad • Leslie Clarke



Standing, l-r : • Afeisha Hewitt-Titus • Mariella Woodruffe-Charles • Krystal Francette
Seated, l-r : • Tayeb Bostic • Matthew Roban



Standing, l-r: • Janine Carrera • Craig Cumberbatch
Seated, l-r: • Ayoub Barcoo • Rosalind King



Standing, l-r: • Kevin Deopersad • Suresh Gobin • Abigail Baird • Gerard Pierre
Seated, l-r: • Michelle Rojas-Britto • Reshma Gupta

APPENDICES

Table A1: **BROKERS**

	BROKERS	COMPANY
1	Akan, Myrnelle	AIC Securities Limited
2	Ali, Salma	West Indies Stockbrokers Limited
3	Alleyne, Harold	Caribbean Stockbrokers Limited
4	Bridgewater, Joanne	Republic Securities Limited
5	Carrera-Justiz, Francisco	Independent
6	Clarke, Peter	Independent
7	Darbasie, Karen	Citicorp Merchant Bank Limited
8	Fadahunsi, Lai	AIC Securities Limited
9	Gosein, Godfrey	Republic Securities Limited
10	Ho Sing Loy, Ameen	RBTT Merchant Bank Limited
11	Johnson, Alvin	Caribbean Stockbrokers Limited
12	Khan, Dale	Trinidad and Tobago Unit Trust Corporation
13	Khodai, Keshwar	First Citizens Bank Limited
14	Lashley, Maria	Trinidad and Tobago Unit Trust Corporation
15	Maharaj, Varun	Ansa Merchant Bank Limited & Ansa Securities Limited
16	Manmohan, Adrian	West Indies Stockbrokers Limited
17	Montes, Francisco	Independent
18	Mullings, Donavan	Bourse Brokers Limited
19	Narine, Ian	Independent
20	Padmore, Winston	Independent
21	Rahaman, Hassan	FirstCaribbean International Bank (Trinidad and Tobago) Limited
22	Ramkhelawan, Subhas	Bourse Securities Limited
23	Seebaran, Madree	Bourse Securities Limited
24	Shah, Reaaz	FirstCaribbean International Bank (Trinidad and Tobago) Limited
25	Sheppard, George	Sheppard Securities Limited
26	St. Louis, Leslie	First Citizens Brokerage and Advisory Services Limited
27	Tang Nian, Stephen	RBTT Merchant Bank Limited
28	Thomas, Rowland	Scotia Investments Trinidad and Tobago Limited
29	Syne, Sascha	First Citizens Investment Services Limited

APPENDICES

Table A2: INVESTMENT ADVISORS

1	Altus Company Limited
2	Burris, Stephen
3	Caribbean Development Capital Limited
4	Caribbean Investment Management Company (Trinidad) Limited
5	Clewett, Nigel
6	FCL Financial Limited
7	FirstCaribbean International Bank (Trinidad & Tobago) Limited
8	Funds International Limited
9	Global Financial Brokers Limited
10	Goolcharan, Vishal
11	Guardian Life of the Caribbean Limited
12	International Wealth and Investment Network Limited
13	Involve Financial Limited
14	Marquis Portfolio Managers Limited
15	Mondial (Trinidad) Limited
16	Mottley, Wendell
17	Quan Soon, Ian
18	RBTT Asset Management Limited
19	Republic Securities Limited
20	The Beacon Asset Management Limited
21	Valley, Kenneth
22	Vega Capital Management Limited

APPENDICES

Table A3: REPORTING ISSUERS

1	Add Venture Capital Fund Limited	33	Guardian Holdings Limited
2	Agostini’s Limited	34	Guardian Media Limited (formerly Trinidad Publishing Company Limited)
3	AIC Corporate Fund Inc.	35	Intercommercial Bank Limited
4	Airports Authority of Trinidad and Tobago	36	Jamaica Money Market Brokers Limited
5	Angostura (Barbados) Limited	37	Jamaica Public Service Company Limited
6	Angostura Holdings Limited	37	Jamaica Public Service Company Limited
7	Angostura Limited	38	Jamaica Select Index Fund Limited
8	ANSA McAL Limited	39	L.J. Williams Limited
9	Ansa Merchant Bank Limited	40	La Brea Industrial Development Company Limited
10	BCB Holdings Limited	41	Life Settlements Funds Limited
11	Berger Paints Trinidad Limited	42	MEGA Insurance Company Limited
12	BWIA West Indies Airways Limited	43	Mora Ven Holdings Limited
13	Capital and Credit Financial Group Limited	44	National Commercial Bank Jamaica Limited
14	Capital and Credit Merchant Bank Limited	45	National Enterprises Limited
15	Caroni (1975) Limited	46	National Flour Mills Limited
16	Citibank (Trinidad and Tobago) Limited	47	National Infrastructure Development Company Limited
17	Citicorp Merchant Bank Limited	48	National Insurance Property Development Company Limited
18	Cool Petroleum (St. Lucia) Limited	49	National Maintenance Training and Security Company Limited
19	Development Finance Limited	50	Neal & Massy Holdings Limited
20	Dynamic Equity Fund II Limited	51	Nestle Trinidad and Tobago Limited
21	Dynamic Equity Venture Fund Limited	52	One Caribbean Media Limited
22	Education Facilities Company limited	53	Point Lisas Industrial Port Development Corporation Limited
23	First Citizens Asset Management Limited	54	Port Authority of Trinidad and Tobago
24	First Citizens Bank Limited	55	Prestige Holdings Limited
25	FirstCaribbean International Bank Limited	56	Public Transport Service Corporation
26	Flavorite Foods Limited	57	RBC Financial (Caribbean) Limited
27	FNCU Venture Capital Company Limited	58	RBTT Bank Barbados Limited
28	Fortress Caribbean High Interest Fund Limited	59	RBTT Bank Limited
29	Fortress Caribbean Property Fund Limited		
30	Fortress Global Value Fund Limited		
31	Fortress Mutual Fund Limited		
32	GraceKennedy Limited		

APPENDICES

Table A3: REPORTING ISSUERS

60	RBTT Finance Limited	79	Telecommunications Services of Trinidad and Tobago Limited
61	RBTT Merchant Bank Limited		
62	Readymix (West Indies) Limited	80	The Barbados Shipping & Trading Company Limited
63	Republic Bank Limited	81	The Home Mortgage Bank
64	Republic Finance and Merchant Bank Limited	82	The National Football Stadium Company Limited
65	Royal Bank of Canada	83	The West Indian Tobacco Company Limited
66	Royal Skandia Life Assurance Limited	84	Tourism & Industrial Development Company of Trinidad and Tobago Limited
67	Sagicor Asset Management (Trinidad & Tobago) Limited (formerly Sagicor Merchant Limited)	85	Transjamaican Highway Limited
68	Sagicor Financial Corporation	86	Trinidad & Tobago Housing Development Corporation
69	Sagicor Funds Incorporated	87	Trinidad and Tobago Mortgage Finance Company Limited
70	Schroder Investment Management (Luxembourg) S.A.	88	Trinidad and Tobago Unit Trust Corporation
71	Scotia DB&G Caribbean Income Fund	89	Trinidad Cement Limited
72	Scotia DBG Investments Limited	90	Trinidad Select Index Fund Limited
73	Scotiabank Trinidad and Tobago Limited	91	Unilever Caribbean Limited
74	St. Christopher Air and Sea Ports Authority	92	Unit Trust Corporation (Cayman) SPC Limited
75	St. Kitts Urban Development Corporation Limited	93	Urban Development Corporation of Trinidad and Tobago Limited
76	Supreme Ventures Limited	94	VT Umbrella Fund PCC Limited
77	TCL Leasing Limited	95	Water and Sewerage Authority
78	TCL Service Limited		

APPENDICES

Table A4: TRADERS

TRADERS		COMPANY
1	Basdeo, Anderson	Citicorp Merchant Bank Limited
2	Basdeo, Roshan	Bourse Securities Limited
3	Chen, Nancy	West Indies Stockbrokers Limited
4	Chin, Ian	RBTT Merchant Bank Limited
5	Dulal, Carla	Scotia Investments Trinidad and Tobago Limited
6	Eve, Patricia	Republic Securities Limited
7	Gajadhar, Kerry	Caribbean Stockbrokers Limited
8	Ghany, Rianna	First Citizens Bank Limited
9	Innis-Bernard, Judy	Republic Securities Limited
10	Julien, Jason	First Citizens Investment Services Limited
11	Leons, Keron	First Citizens Investment Services Limited
12	Mahabirsingh, Sherma	First Citizens Investment Services Limited
13	Martineau, Dan	Ansa Merchant Bank Limited
14	Melville, Cecilia	Citicorp Merchant Bank Limited
15	Mohammed, Shaun	Bourse Brokers Limited
16	Mooteeram, Charissa	First Citizens Brokerage and Advisory Services Limited
17	Ramnath-Singh, Gail	Caribbean Stockbrokers Limited
18	Savary, Hilary	AIC Securities Limited
19	Sookoo, Anganie	RBTT Merchant Bank Limited
20	Viera, Lisa Ann	AIC Securities Limited
21	Wallace, Chivonne	First Citizens Bank Limited
22	Wells-Fraser, Bernadette	AIC Securities Limited

Table A5: UNDERWRITERS

1	FirstCaribbean International Bank (Bahamas) Limited
2	FirstCaribbean International Bank (Trinidad & Tobago) Limited

APPENDICES

Table A6: SECURITIES COMPANIES

	SECURITIES COMAPANY NAME`	CLASSES OF BUSINESS
1	AIC Securities Limited	Broker, Dealer, Investment Advisor, Underwriter
2	Ansa Merchant Bank Limited	Broker (G), Dealer, Investment Adviser, Underwriter
3	Ansa Securities Limited	Broker (G), Dealer, Investment Advisor, Underwriter
4	Bourse Brokers Limited	Broker, Dealer
5	Bourse Securities Limited	Broker, Dealer, Investment Advisor, Underwriter
6	Caribbean Stockbrokers Limited	Broker, Dealer, Investment Advisor, Underwriter
7	Citicorp Merchant Bank Limited	Broker (G), Dealer, Investment Advisor, Underwriter
8	Development Finance Limited	Dealer, Investment Adviser, Underwriter
9	First Citizens Asset Management Limited	Dealer, Investment Adviser, Underwriter
10	First Citizens Bank Limited	Broker (G), Investment Adviser, Underwriter
11	First Citizens Brokerage and Advisory Services Limited (formerly CMMB Securities & Asset Management Limited)	Broker, Dealer, Investment Advisor, Underwriter
12	First Citizens Investment Services Limited (formerly Caribbean Money Market Brokers Limited)	Broker, Dealer, Investment Advisor, Underwriter
13	First Citizens Securities Trading Limited	Dealer, Investment Adviser, Underwriter
14	First Global (Trinidad and Tobago) Limited	Dealer, Investment Adviser, Underwriter
15	FirstCaribbean International Bank (Trinidad & Tobago) Limited	Broker (G)
16	Firstline Securities Limited	Dealer, Investment Adviser, Underwriter
17	General Finance Corporation Limited	Dealer, Investment Adviser, Underwriter
18	Guardian Asset Management Limited	Dealer, Investment Adviser, Underwriter
19	Intercommercial Bank Limited	Dealer, Investment Advisor, Underwriter
20	Intercommercial Trust and Merchant Bank Limited	Broker (G), Dealer, Investment Advisor, Underwriter
21	KSBM Asset Management Limited	Broker, Dealer, Investment Adviser, Underwriter
22	RBTT Merchant Bank Limited	Broker, Dealer, Underwriter
23	Republic Bank Limited	Dealer, Investment Adviser, Underwriter
24	Republic Finance and Merchant Bank Limited	Underwriter
25	Republic Securities Limited	Broker

APPENDICES

Table A6: SECURITIES COMPANIES (continued)

	SECURITIES COMPANY NAME`	CLASSES OF BUSINESS
26	Sagicor Asset Management (Trinidad & Tobago) Limited (formerly Sagicor Merchant Limited)	Dealer, Investment Adviser, Underwriter
27	Sagicor Life Incorporated	Dealer, Investment Adviser, Underwriter
28	Scotia Investments Trinidad and Tobago Limited	Broker, Dealer, Investment Advisor, Underwriter
29	Scotiabank Trinidad and Tobago Limited	Underwriter
30	Scotiastrust and Merchant Bank (Trinidad and Tobago) Limited	Dealer, Investment Adviser, Underwriter
31	Sheppard Securities Limited	Broker
32	Trinidad and Tobago Unit Trust Corporation	Broker (G), Dealer, Investment Advisor, Underwriter
33	West Indies Stockbrokers Limited	Broker, Dealer, Investment Advisor, Underwriter

Table A7: SELF-REGULATORY ORGANIZATIONS

1	The Trinidad & Tobago Stock Exchange Limited
2	The Trinidad and Tobago Central Depository Limited

APPENDICES

Table A8: EQUITIES REGISTERED BY THE COMMISSION: October 1, 2009 - September 30, 2010

Issuer	Type	Type of Shares	Description	No. of Shares	Value of Shares in TT\$	Registration Date
GraceKennedy Limited	MSOP	Ordinary	GraceKennedy Limited 207,192 Ordinary Shares Pursuant to Managers Share Option Plan	207,192	\$613,744	2-Oct-09
GraceKennedy Limited	MSOP	Ordinary	GraceKennedy Limited 260,586 Ordinary Shares Pursuant to Managers Share Option Plan	260,586	\$775,139	29-Oct-09
Prestige Holdings Limited	MSOP	Ordinary	Prestige Holdings Limited 23,681 Ordinary Shares pursuant to Management Stock Option Plan	23,681	\$72,701	31-Dec-09
Sub-Total	MSOP - Ordinary Shares			491,459	\$1,461,584	
GraceKennedy Limited	ESOP	Ordinary	GraceKennedy Limited 4,800 Ordinary Shares Pursuant to Employee Share Purchase Plan	4,800	\$22,748	1-Jul-10
Sagicor Financial Corporation	ESOP	Ordinary	Sagicor Financial Corporation 438,183 Series A Common Shares pursuant to Long Term Incentive Plan	438,183	\$5,600,537	17-Sep-10
Neal and Massy Holdings Limited	ESOP	Ordinary	Neal and Massy Holdings Limited 72,752 Ordinary Shares pursuant to Executive Share Option Plan	72,752	\$2,539,045	23-Sep-10
Sub-Total				515,735	\$8,162,330	
Agostini's Limited	Other	Ordinary	Agostini's Limited 29,526,008 Ordinary Shares	29,526,008	\$285,000,000	20-Jul-10
Guardian Holdings Limited	Other	Ordinary	Guardian Holdings Limited 29,695,313 Ordinary Shares	29,695,313	\$475,125,008	23-Sep-10
Sub-Total				59,221,321	\$760,125,008	
Grand Total				60,228,515	\$769,748,922	

APPENDICES

Table A9: DERIVATIVE SECURITIES REGISTERED BY THE COMMISSION: October 1, 2009 – September 30, 2010

Issuer	Issue Name	Issue Type	Currency Type	Face Value	Value TT\$	Registration Date
GraceCiticorp Merchant Bank Limited	Citicorp Merchant Bank Limited US\$59,675,460.00 : (Face Value) COPs in the NIDCO US \$52,000,000 Fixed Rate Bond due 2014	Certificates of Participation	US\$	\$59,675,460	\$380,144,615.00	10-Dec-09
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited TT\$55,680,294.98 (Face Value) Series A and B CoPs in a TT\$53,000,000 NIDCO Fixed Rate Loan	Certificates of Participation	TT\$	\$55,680,294.98	\$55,680,294.95	31-Dec-09
Scotiabank (Trinidad & Tobago) Limited	Scotiabank (Trinidad & Tobago) Limited TT\$360,000,000 Certificates of Participation in a Neal & Massy Holdings Limited TT\$350,000,000 6.65% Fixed Rate Bond due 2020	Certificates of Participation	TT\$	\$360,000,000.00	\$360,000,000.00	23-Sep-10
Grand Total					\$795,824,909.95	

APPENDICES

Table A10: FIXED INCOME SECURITIES REGISTERED BY THE COMMISSION:
October 1, 2009 – September 30, 2010

Issuer	Private/ Public	Type of Security	Description	Currency	Value	Registration Date	Value in TT\$
Education Facilities Company Limited	Public	Fixed Rate Bond	Educational Facilities Company Limited TT\$400 Million 5.35% Fixed Rate Bond due 2016	TT\$	\$400,000,000.00	16-Oct-09	\$400,000,000.00
Agostini's Limited	Private	Fixed Rate Bond	Agostini's Limited TT\$ 50,000,000 Notes at 9.25% due 2013	TT\$	\$50,000,000.00	17-Nov-09	\$50,000,000.00
Ansa Merchant Bank Limited	Private	Fixed Rate Bond	ANSA Merchant Bank Limited TT \$350,000,000 6.50% Fixed Rate Notes due 2015	TT\$	\$350,000,000.00	17-Nov-09	\$350,000,000.00
Trinidad and Tobago Mortgage Finance Company Limited	Public	Fixed Rate Bond	Trinidad and Tobago Mortgage Finance Company Limited TT\$320,693,000 6.00% Fixed Rate Bond due 2014	TT\$	\$320,693,000.00	13-Nov-09	\$320,693,000.00
National Infrastructure Development Company Limited	Private	Fixed Rate Bond	National Infrastructure Development Company Limited US\$52,000,000 5.30% Fixed Rate Bond Issue due 2014	US\$	\$52,000,000.00	10-Dec-09	\$331,250,400.00
Urban Development Corporation of Trinidad and Tobago Limited	Private	Commercial Paper	UDeCOTT TT\$750 million 8.15% Fixed Rate Bond Due 2010	TT\$	\$750,000,000.00	22-Jan-10	\$750,000,000.00
Government of Trinidad and Tobago	Public	Fixed Rate Bond	Government of Trinidad and Tobago TT\$600 Million 6.50% Fixed Rate Bond due 2025	TT\$	\$600,000,000.00	26-Jan-10	\$600,000,000.00
Government of Trinidad and Tobago	Private	Fixed Rate Bond	Government of Trinidad and Tobago TT\$3,399.8 Million Fixed Rate Bond to be Issued in Three Series	TT\$	\$3,399,800,000.00	29-Jan-10	\$3,399,800,000.00
National Insurance Property Development Company Limited	Public	Fixed Rate Bond	National Insurance Property Development Company Limited TT\$500 million 6.25% Fixed Rate Bond Due 2028	TT\$	\$500,000,000.00	1-Mar-10	\$500,000,000.00
Government of Trinidad and Tobago	Public	Fixed Rate Bond	GOTT TT\$794 Million 5.95% Fixed Rate Bond due 2025	TT\$	\$794,000,000.00	27-Mar-10	\$794,000,000.00
National Infrastructure Development Company Limited	Private	Fixed Rate Bond	National Infrastructure Development Company Limited TT\$153,800,000 5.85% Fixed Rate Bond due 2018	TT\$	\$153,800,000.00	1-Jul-10	\$153,800,000.00
First Citizens Bank Limited	Private	Fixed Rate Bond	First Citizens Bank Limited TT\$500 Million 5.25% Fixed Rate Bond due 2017	TT\$	\$500,000,000.00	27-Jul-10	\$500,000,000.00
National Insurance Property Development Company Limited	Public	Fixed Rate Bond	National Insurance Property Development Company Limited TT\$360 Million 6.10% Fixed Rate Bond due 2028	TT\$	\$360,000,000.00	13-Aug-10	\$360,000,000.00
Neal and Massy Holdings Limited	Private	Fixed Rate Bond	Neal and Massy Holdings Limited TT\$350 Million 6.65% Fixed Rate Bond due 2020	TT\$	\$350,000,000.00	16-Aug-10	\$350,000,000.00
Trinidad Cement Limited	Private	Floating Rate Bond	Trinidad Cement Limited TT\$126 Million Notes	TT\$	\$126,000,000.00	16-Aug-10	\$126,000,000.00
Grand Total							\$6,309,600,000

APPENDICES

APPENDICES

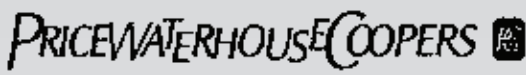
Table A11: COLLECTIVE INVESTMENT SCHEMES REGISTERED BY THE COMMISSION:
October 1, 2009 – September 30, 2010

Sponsor/Issuer	Currency	Fund Name	Description	Country	Registra- tion Date
Ansa Merchant Bank Limited	US\$	Ansa US\$ Income Fund	Income Fund	Trinidad and Tobago	16-Sep-10
Ansa Merchant Bank Limited	TT\$	Ansa TT\$ Income Fund	Income Fund	Trinidad and Tobago	16-Sep-10
RBTT Bank Limited	TT\$ and Euro	Roytrin High Yield Fund	High Yield Fund	Trinidad and Tobago	6-Jul-10
Fortress Fund Managers Limited	Bbd\$	Fortress Caribbean Growth Fund	Growth Fund	Barbados	13-May-10
Fortress Caribbean High Interest Fund Limited	Bbd\$	Fortress Caribbean High Interest Fund	High Interest Fund	Barbados	13-May-10
Fortress Global Value Fund Limited	US\$	Fortress Global Value Fund	Global Value Fund	British Virgin Islands	13-May-10
RBTT Bank Limited	TT\$ and Euro	Roytrin Money Market Fund	Money Market Fund	Trinidad and Tobago	9-Feb-10

FINANCIAL STATEMENTS



INDEPENDENT AUDITOR’S REPORT



To the members of
The Trinidad & Tobago Securities and Exchange Commission

Report on the financial statements

We have audited the accompanying financial statements of The Trinidad & Tobago Securities and Exchange Commission, which comprise the statement of financial position as of 30 September 2010 and the statement of comprehensive income, statement of changes in accumulated surplus and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management’s responsibility for the financial statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s 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 whether the financial statements are free from material misstatement.

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 judgement, 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 accompanying financial statements present fairly, in all material respects, the financial position of The Trinidad & Tobago Securities and Exchange Commission as of 30 September 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
Port of Spain,
Trinidad, West Indies
25 January 2011

STATEMENT OF FINANCIAL POSITION

(Expressed in Trinidad and Tobago Dollars)

Notes	30 September	
	2010	2009
	\$	\$
ASSETS		
Non-Current Assets		
Property, plant and equipment	4	10,321,076
Prepayments and other receivables	5	179,438
		6,711,184
		–
		10,500,514
6,711,184		
Current Assets		
Cash and cash equivalents	6	33,849,787
Prepayments and other receivables	5	2,606,144
		28,162,408
		937,393
		149,516
		112,977
		36,605,447
		29,212,778
		47,105,961
		35,923,962
ACCUMULATED SURPLUS AND LIABILITIES		
Accumulated Surplus		37,767,165
		28,709,175
Non-Current Liabilities		
Deferred Government Subvention	7	6,500,000
		6,500,000
Current Liabilities		
Payables and other accruals	8	2,838,796
		714,787
		9,338,796
		7,214,787
		47,105,961
		35,923,962

The notes on pages 49 to 58 form an integral part of these financial statements.

On 25 January 2011, the Commissioners of The Trinidad & Tobago Securities and Exchange Commission authorised these financial statements for issue.

Commissioner : *[Signature]* Commissioner : *[Signature]*

Chairman : *[Signature]*

STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year Ended 30 September 2010 \$	2009 \$
Income			
Registration fees		6,482,481	8,156,378
Government subvention		25,358,135	16,871,000
Interest		274,026	429,983
Other income		982	8,720
		32,115,624	25,466,081
Expenses			
Administration		(2,434,572)	(2,105,965)
Finance		(8,611)	(6,784)
Operating		(20,604,086)	(20,699,284)
	9	(23,047,269)	(22,812,033)
Surplus Before Taxation		9,068,355	2,654,048
Taxation	10	(10,365)	16,792
Net Surplus		9,057,990	2,670,840
Other Comprehensive Income		-	-
Total Comprehensive Income For The Year		9,057,990	2,670,840

The notes on pages 49 to 58 form an integral part of these financial statements.

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year Ended 30 September 2010 \$	2009 \$
Balance at beginning of year		28,709,175	26,038,335
Total Comprehensive Income for the year		9,057,990	2,670,840
Balance at end of year		37,767,165	28,709,175

The notes on pages 49 to 58 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year Ended 30 September 2010 \$	2009 \$
Operating Activities			
Surplus before taxation		9,068,355	2,654,048
Adjustment to reconcile surplus to net cash from operating activities:			
Depreciation		1,445,178	1,732,779
Loss/(gain) on disposal of property, plant and equipment		18,942	(9,531)
Net change in operating assets and liabilities	14	275,820	6,214,662
		10,808,295	10,591,958
Taxation paid		(46,907)	(96,184)
Net Cash Inflow From Operating Activities		10,761,388	10,495,774
Investing Activities			
Purchase of property, plant and equipment		(5,091,812)	(1,932,443)
Proceeds from disposals property, plant and equipment		17,803	50,570
Net Cash Used In Investing Activities		(5,074,009)	(1,881,872)
Increase In Cash And Cash Equivalents		5,687,379	8,613,901
Cash And Cash Equivalents			
At beginning of year		28,162,408	19,548,507
Increase		5,687,379	8,613,901
End of year		33,849,787	28,162,408
Represented By:			
Cash		23,563,105	12,642,654
Fixed deposits		10,286,682	15,519,754
		33,849,787	28,162,408

The notes on pages 49 to 58 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30th September 2010

(Expressed in Trinidad and Tobago Dollars)

1 General Information

The Trinidad & Tobago Securities and Exchange Commission is a body corporate and was established by an Act of Parliament known as the Securities Industries Act 1995. The Act provides for the regulation of the securities market and connected matters in Trinidad and Tobago. It also provides for the funds received from government, the fees earned and any other income earned from operations to be applied in defraying expenditure authorised by the Commission.

2 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment securities available for sale.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(a) New and amended standards adopted by the Company

The following revised and amendments to published standards are mandatory for the Company’s accounting periods beginning on or after 1 October 2009:

- IAS 1 (revised). ‘Presentation of financial statements’ – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented where applicable so that it also is in conformity with the revised standard.
- IFRS 7 ‘Financial instruments – Disclosures’ (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure for fair value measurements by level of a fair value measurement hierarchy.
- IAS 16 (Amendment), ‘Property, plant and equipment’ (and consequential amendment to IAS 7, ‘Statement of cash flows’) (effective from 1 January 2009).

NOTES TO THE FINANCIAL STATEMENTS

30th September 2010

(Expressed in Trinidad and Tobago Dollars)

(b) Standards, amendments and interpretations effective in 2009 but not relevant

- IAS 19 (Amendment), ‘Employee benefits’ - effective from 1 January 2009. The amendment is part of the IASB’s annual improvements project published in May 2008.
 - The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
 - The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
 - The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
 - IAS 37, ‘Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.
- IAS 38 (Amendment), ‘Intangible assets’ - effective from 1 January 2009. The amendment is part of the IASB’s annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services.
- IFRIC 17, ‘Distribution of non-cash assets to owners’ (effective on or after 1 July 2009).

(c) Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company’s accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them:

- IFRS 9, ‘Financial instruments’;
- IAS 24, ‘Related party disclosures’ (amendment);
- IFRIC 19, ‘Extinguishing financial liabilities with equity instruments.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Commission are measured using currency of the primary economic environment in which the Commission operates (‘the functional currency’). The financial statements are presented in Trinidad and Tobago dollars, which is the Commission’s functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

30th September 2010

(Expressed in Trinidad and Tobago Dollars)

2 Summary of Significant Accounting Policies (continued)

2.2 Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.3 Leasehold improvements and equipment

All equipment is stated at historical cost less depreciation. Depreciation is calculated on the reducing balance basis unless otherwise stated to write off the cost of each asset to their residual values over their estimated useful life as follows:

Office equipment	–	10 % - 25%
Leasehold improvements	–	20% - (Straight line)
Computer equipment	–	25%
Artwork and fixtures and fittings	–	10%
Motor vehicles	–	25%

Gains and losses on disposal of equipment are determined by comparing proceeds with carrying amounts and are included in surplus before taxation.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, and deposits held at call with banks, with original maturities of three months or less.

2.5 Pension

The Commission has established a defined contribution plan effective March 2005. Contributions are recognised as an expense when due. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in the future payments is available.

2.6 Deferred income taxes

Deferred income tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on equipment and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

30th September 2010

(Expressed in Trinidad and Tobago Dollars)

2 Summary of Significant Accounting Policies (continued)

2.7 Revenue recognition

Interest income is recognised as it accrues to the Commission.

Fees charged by the Commission are recognised as income when services are provided.

See note 2.10 for Government subventions.

2.8 Provisions

Provisions are recognised when the Commission has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.9 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income and expenditure account over the period of the lease.

2.10 Government subventions

Government subventions are made to the Commission in accordance with an annual budget to defray capital and operating expenditure not covered by fees from operations. There are no contingencies attached to the receipt of these subventions.

Government subventions relating to operating expenditure are recognised in the statement of comprehensive income as income representing immediate financial support in the period in which it becomes receivable.

Government subventions relating to property, plant and equipment are included in non-current liabilities as deferred government subventions and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

2.11 Financial assets

The Commission classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The classification is determined at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

30th September 2010

(Expressed in Trinidad and Tobago Dollars)

3 Financial Risk Management

The Commission’s activities do not expose it to any significant financial risks: market risk (including currency risk, fair value interest rate and price risk), credit risk and liquidity risk.

(a) Market risk

i) Cash flow and fair value interest rate risk

As the Commission has no significant interest bearing assets, the Commission’s income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk arises from cash and deposits with banks and financial institutions. For banks and financial institutions, only those with good standing and with a sound reputation are used.

(c) Liquid risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Commission’s financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 1 year equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year \$
At 30 September 2010	
Payables and other accruals	2,838,796
	2,838,796
At 30 September 2009	
Payables and other accruals	714,787
	714,787

NOTES TO THE FINANCIAL STATEMENTS

30th September 2010

(Expressed in Trinidad and Tobago Dollars)

4 Property, Plant and Equipment

	Leasehold Improvements \$	Office Equipment \$	Computer Equipment \$	Artwork and Fixtures and Fittings \$	Motor Vehicles \$	Capital Work in Progress \$	Total \$
At 30 September, 2009							
Cost	2,180,621	5,015,148	5,206,629	947,391	373,412	-	13,723,201
Accumulated depreciation	(1,049,770)	(2,503,890)	(3,049,846)	(372,597)	(194,538)	-	(7,170,641)
Net book amount	1,130,851	2,511,258	2,156,783	574,794	178,874	-	6,552,560
Year ended 30 September, 2009							
Opening net book amount	1,130,851	2,511,258	2,156,783	574,794	178,874	-	6,552,560
Additions	2,875	41,101	102,556	-	169,118	1,616,793	1,932,443
Disposals	-	(258)	(5,715)	-	(35,067)	-	(41,040)
Depreciation	(436,176)	(619,068)	(558,094)	(55,296)	(64,145)	-	(1,732,779)
Closing net book amount	697,550	1,933,033	1,695,530	519,498	248,780	1,616,793	6,711,184
At 30 September, 2009							
Cost	2,183,496	5,048,475	5,263,266	947,391	415,868	1,616,793	15,475,289
Accumulated depreciation	(1,485,946)	(3,115,442)	(3,567,736)	(427,892)	(167,088)	-	(8,764,104)
Net book amount	697,550	1,933,033	1,695,530	519,498	248,780	1,616,793	6,711,184
Year ended 30 September, 2010							
Opening net book amount	697,550	1,933,033	1,695,530	519,498	248,780	1,616,793	6,711,184
Additions	-	125,873	173,173	-	-	4,792,766	5,091,812
Disposals	-	-	(36,742)	-	-	-	(36,742)
Depreciation	(436,699)	(465,922)	(428,206)	(52,156)	(62,195)	-	(1,445,178)
Closing net book amount	260,851	1,592,984	1,403,753	467,342	186,585	6,409,559	10,321,076
At 30 September, 2010							
Cost	2,183,496	5,174,348	5,231,846	947,391	415,868	6,409,559	20,362,508
Accumulated depreciation	(1,922,645)	(3,581,364)	(3,828,092)	(480,049)	(229,283)	-	(10,041,432)
Net book amount	260,851	1,592,984	1,403,753	467,342	186,585	6,409,559	10,321,076

NOTES TO THE FINANCIAL STATEMENTS

30th September 2010

(Expressed in Trinidad and Tobago Dollars)

5	Prepayments and Other Receivables	2010 \$	2009 \$
	Non-Current		
	Rental deposit	179,438	-
	Current		
	Prepayments	248,009	724,393
	Receivables from GOTT – Ministry of Finance	2,358,135	213,000
		2,606,144	937,393
6	Cash and Cash Equivalents		
	Cash at bank and on hand	23,563,105	12,642,654
	Short-term bank deposits	10,286,682	15,519,754
		33,849,787	28,162,408
	The effective interest rate on short-term deposits was 1.13% (2009: 4.87%).		
	These deposits have an average maturity of 90 days.		
7	Deferred Government Subvention	2010 \$	2009 \$
	Balance at beginning of year	6,500,000	-
	Amounts received	-	6,500,000
	Balance at end of year	6,500,000	6,500,000
	The deferred government subvention received during the 2009 financial period relates to funds allocated towards the Commission’s Server Consolidation Project which was still in progress at year end.		
8	Payables and Other Accruals	2010 \$	2009 \$
	Due to GOTT – Comptroller of Accounts	2,112,143	-
	Payables	608,255	279,104
	Accrued expenses	118,398	402,621
	Social security and other taxes	-	33,062
		2,838,796	714,787

NOTES TO THE FINANCIAL STATEMENTS

30th September 2010

(Expressed in Trinidad and Tobago Dollars)

9 Expenses by Nature

	2010 \$	2009 \$
Employee salaries & benefit expense (Note 11)	9,052,305	9,566,118
Rent/property expenses	4,117,196	4,222,973
Legal, professional and consultancy fees	2,207,218	1,912,752
Other expenses	1,600,632	908,460
Depreciation	1,445,178	1,732,779
Training & seminars	1,164,756	1,089,485
Public education & advertising	651,333	698,265
Utilities	607,418	326,771
Office supplies	463,470	265,196
Motor vehicle expenses	427,846	547,813
Managed funds study	380,052	66,290
Telephone	260,965	342,715
Commissioners' fees	227,354	193,213
Library & subscriptions expenses	205,207	204,240
Computer related expenses	92,179	225,295
Printing and reproduction	101,080	232,271
HRIS and balanced scorecard	37,950	141,095
Withholding tax	5,130	-
Investigation	-	136,302
Total expenses	23,047,269	22,812,033

10 Taxation

Business levy	- prior year	(6,056)	(41,703)
	- current year	12,965	30,510
Green fund levy	- prior year	(3,027)	(20,854)
	- current year	6,482	15,255
		10,365	(16,792)

- a) The Commission's effective tax rate varies from the statutory rate as a result of the differences shown below:

	2009 \$	2008 \$
Surplus before taxation	9,068,355	2,654,048
Corporation tax at the statutory rate of 25%	2,267,088	663,512
Expenses reimbursed by the government subventions	4,072,445	3,554,237
Government subventions not subject to taxation	(6,339,532)	(4,217,750)
Business levy	6,909	(11,192)
Green fund levy	3,455	(5,599)
	10,365	(16,792)

NOTES TO THE FINANCIAL STATEMENTS

30th September 2010

(Expressed in Trinidad and Tobago Dollars)

10 Taxation (continued)

- (b) The Commission is required to pay Business Levy at 0.20% of total revenue. Business Levy only takes effect when it exceeds the current corporation tax liability.
- (c) The Commission has tax losses of approximately \$Nil (2009 - \$422,674) available for set off against future taxable profits. These losses have not yet been approved by the Board of Inland Revenue.

No deferred tax asset relating to these losses has been recognised due to uncertain timing of their recovery.

11 Employee Salaries and Benefit Expense

	2010 \$	2009 \$
Salaries, national insurance and other staff expenses	8,195,358	8,746,139
Pension costs	856,947	819,979
	9,052,305	9,566,118
Average number of employees	47	48

12 Capital and Operating Lease Commitments

Operating lease commitments

The future minimum lease payments relating to the rental of premises and vehicles are as follows:

Not later than 1 year	3,376,717	2,828,448
Later than 1 year and not later than 5 years	114,851	179,636
	3,491,568	3,008,084

Capital commitments

Capital expenditure contracted for at the financial position date but not yet incurred is as follows:

Computer equipment	-	4,738,643
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NOTES TO THE FINANCIAL STATEMENTS

30th September 2010

(Expressed in Trinidad and Tobago Dollars)

13	Financial Instruments by Category	2010	2009
		\$	\$
	The accounting policies for financial instruments have been applied to the line items below:		
	Loans and receivables		
	Cash and cash equivalents	33,849,787	28,162,408
	Prepayments and other receivables	2,785,582	937,393
		36,635,369	29,099,801
	Other financial liabilities		
	Payables and other accruals	2,838,796	714,787
14	Net Changes In Operating Assets And Liabilities		
	(Increase) in prepayments and other receivables	(1,848,189)	(932,393)
	Increase in payables and other accruals	2,124,009	647,055
	Increase in government subvention	–	6,500,000
		275,820	6,214,662
15	Related Party Transactions		
	The following transactions were carried out with related parties:		
	(i) Key management compensation	2,211,381	3,624,130
	(ii) Receivable from GOTT – Ministry of Finance	2,358,135	213,000
	(iii) Payable to GOTT – Comptroller of Accounts	(2,112,143)	–

COMPLAINTS /QUERIES :

To enquire about or lodge a complaint on any matter concerning either a registrant, a security registered with the Commission, any other security or any person engaged in securities transactions, please contact the Commission's Division of Market Regulation and Surveillance by mail, facsimile or telephone.



FOR ADDITIONAL COPIES OF THIS REPORT, WRITE TO:

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