

**TRINIDAD AND TOBAGO SECURITIES
AND EXCHANGE COMMISSION**

Annual Report for the year ended September 30th 2000

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FUNCTIONS OF THE COMMISSION

The Trinidad and Tobago Securities and Exchange Commission (TTSEC) was established by the Securities Industry Act, 1995 as an autonomous agency to provide for the regulation of the securities market in Trinidad and Tobago and for connected matters.

Its main functions as outlined in Section 5 of the Securities Industry Act 1995 are to:

- 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.

LETTER OF TRANSMITTAL

January 31, 2001

Senator The Honourable Gerald Yetming
Minister of Finance
Level 8, Eric Williams Finance Building
Eric Williams Plaza
Independence Square
Port of Spain

Dear Minister,

In accordance with 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, 2000.

I shall be grateful if you would advise the Commission when the Report is laid in Parliament, as the Act requires that copies of the Report be made available to the public after the Report is so laid.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'C.M. Robinson', with a horizontal line underneath.

C.M. Robinson

Chairman

THE COMMISSIONERS



Carlton Robinson, Chairman



Amoy Chang Fong, Commissioner
Deputy Governor, Central Bank
of Trinidad and Tobago



Shelley Collymore, Commissioner
Treasury Solicitor, Ministry
of Finance



Ian Bertrand, Commissioner
Accountant



Fyard Hosein, Commissioner
Attorney-at- law

THE MANAGEMENT TEAM

Monica Clement
General Manager

Denise Hackett
Director, Legal Advisory and Enforcement

Cicelyn Burrowes
Director, Market Regulation and Surveillance

Marlene Murray
Director, Disclosure, Registration and Corporate Finance

Gloria Rolingson
Director, Research

Charmaine Howard
IT Administrator



Marlene Murray



Cicelyn Burrowes

Left to Right: Denise Hackett, Charmaine Howard, Monica Clement,
Gloria Rolingson



CHAIRMAN'S REMARKS

...as efficient markets are driven by reliable, accurate and widely disseminated information, we should ensure that our disclosure requirements are adequate



C.M. ROBINSON, Chairman

I am indeed pleased to announce that the first three-year term of the Commission having ended in April 2000, the President of the Republic of Trinidad and Tobago reappointed four of the outgoing Commissioners for a further period of three years with effect from April 2000. Ms. Monica Clement resigned to assume her position as General Manager of the Securities and Exchange Commission in August 2000 and was subsequently replaced by Ms. Shelley Collymore. The three-year term of the fifth Commissioner will end in January 2001.

Those first three years of the Commission's existence proved to be very challenging but also very productive. I am honoured to have been invited to serve as Chairman for another term.

The enactment of the revised securities legislation and the introduction of new financial sector legislation arose from the recognition by the authorities of the need to instill a greater degree of confidence in the market. This is an important pre-requisite for attracting foreign investment and for discouraging capital flight to more developed markets. However, since the passage of our revised securities legislation in 1995 the securities market in Trinidad and Tobago has undergone profound transformation mirroring changes in securities markets throughout the world.

Global Developments

Markets have become more globalised as technological developments facilitate real time trading of securities and allow investors and market actors continuous access to market information across national boundaries. In addition, the financial products distributed and traded in these markets have become more sophisticated and hybrid in nature, as intermediaries have responded to the demands of investors for products that cater for their diverse needs and risk profiles. Moreover, white-collar crime associated with securities fraud has become more widespread and more difficult to detect and prosecute even in highly regulated markets.

These developments have posed serious challenges for regulatory authorities worldwide and have driven them to collaborate with a view to devising more effective ways of protecting the integrity of their markets. They have also influenced regulators to work more assiduously towards a higher degree of convergence across markets. These challenges are very familiar to the Commission as we attempt to keep abreast of developments in the local and international markets.

Requirements for Change

The Securities and Exchange Commission is the agency charged with the responsibility for maintaining oversight in the securities market and for ensuring that fairness, equity and transparency prevail in the marketplace. There are however, certain preconditions for fair and equitable markets that the Commission views as being fundamental to the development of an efficient market structure in Trinidad and Tobago. Firstly, we must aspire to best practices in our capital market. Secondly, as efficient markets are driven by reliable, accurate and widely disseminated information, we should ensure that our disclosure requirements are adequate. Thirdly, market actors must comply with the requirements of the securities legislation.

International Standards and Best Practices

There has been much discussion about our country becoming an international financial centre. This could only be achieved if we establish and maintain a regulatory regime that is compatible with that prevailing in other global financial centres. We must also influence standards of behaviour among market intermediaries towards greater transparency, fairness, good corporate governance and financial soundness. In this regard, the existing legislation must be upgraded to reflect these principles. The Commission has at its disposal a wealth of information from other jurisdictions including emerging markets that will assist us in this effort.

Disclosure

As global markets become more complex and volatile, investors require access to more reliable information in order to guide their investment decisions. For this reason disclosure is one of the key mechanisms for achieving market transparency. Our recent experience has shown that this is one of the areas that have been resisted fiercely by some of our reporting issuers. As a regulator, the Commission is of the view that there is little room for compromise in this area. Moreover, disclosure standards advocated by international securities bodies such as the International Organisation of Securities Commissions (IOSCO) and the Council of Securities Regulators of the Americas (COSRA) are being applied in emerging and developed markets with the aim of protecting investors. We intend to proceed on a similar path.

Compliance and Enforcement

The introduction of the revised securities legislation meant that the traditional ways of doing business would no longer suffice if the standards and procedures prescribed were to be attained. As is usually the case, there has been strong resistance on the part of market actors to compliance with these new requirements, mainly for the simple reason that it requires change. I wish to make it clear that the SEC places great importance on the comments and criticisms it receives from the public and is constantly reviewing its operations to provide a more efficient service to our

stakeholders. We must nevertheless seek to balance carefully the objectives of providing adequate investor protection and fostering capital market development by facilitating innovativeness and expansion.

With this in mind, our approach to enforcement of the law will be serious and equitable. If the SEC is to be an effective regulator, it cannot fail or compromise in applying the penalties prescribed for breaches of the law, as this will cause us to lose credibility. The action we have taken against market actors as outlined in this report bears testimony to our commitment to enforcing the law.

The Importance of Self-Regulation

Enshrined in the securities legislation is the principle of self-regulation whereby market intermediaries are permitted to form associations or organisations which establish rules and regulations to guide the ethical, professional and operational standards of their members. The Commission is required to approve these rules and regulations and to maintain oversight in the application of these rules by the registered self-regulatory organisation.

To date the Commission has registered two self-regulatory organisations, The Trinidad and Tobago Stock Exchange Limited and The Trinidad and Tobago Central Depository Limited. The operation of a sound system of self-regulation is seen as an important element in the entire regulatory process and the Commission must be satisfied that the rules and regulations are being enforced consistently and equitably. We intend therefore to focus more closely on self-regulatory issues in the coming year.

Takeover By-laws

The Commission is in the process of finalising for submission to the Minister of Finance, proposals for Takeover By-Laws, pursuant to Section 132(1)(b) of the Securities Industry Act. This much-needed piece of legislation is intended primarily to provide adequate protection to investors by ensuring that security holders have access to the information that is necessary for

making reasoned decisions. The draft of this legislation was developed in consultation with various market actors and was subsequently published for public comment. It is expected that the Takeover By-Laws will soon become law.

Revision of Fees

In September 2000, a revised Schedule of Fees for the SEC was approved by Parliament. This revision was intended to reduce the Commission's dependence on the State for funding by increasing the registration fees payable under the previous Schedule and increasing the range of activities which attract fees.

The Way Forward

Within the next few weeks the Commission will be undertaking a strategic review that will allow us to identify additional areas for priority action and enable us to allocate our limited resources to these areas. A lot remains to be done in the areas of disseminating guidelines for the information of the public, investor education, refining the By-Laws, and improving our market surveillance and enforcement programmes. We will continue to depend on the commitment and professional support of all market intermediaries. We will also endeavour to adopt a facilitatory approach to interfacing with these players, provided that the ultimate goal of investor protection is not compromised.

We look forward therefore to the year ahead as we continue our efforts to lay the groundwork for the development of an orderly and efficient capital market.

Finally, I must express my appreciation to the management and staff of the Commission who have demonstrated commitment and professionalism in the face of many challenges, and I look forward to their continued support.



C.M. Robinson

GENERAL MANAGER'S REMARKS

Priority will be given in the year ahead to addressing the concerns of the business community by adopting a more facilitatory approach in dealing with market actors and other stakeholders.



I assumed duties as General Manager of the Trinidad and Tobago Securities and Exchange Commission in August 2000. Since then I have taken note of the progress made by the Commission in overseeing the securities market and the challenges posed by a rapidly expanding and constantly evolving financial environment. My initial focus therefore has been reorienting the operations of the Commission towards providing for more efficient and timely delivery of the responsibilities assigned to us under the law.

Priority will be given in the year ahead to addressing the concerns of the business community by adopting a more facilitatory approach in dealing with market actors and other stakeholders. We expect that our website which can be accessed a www.ttsec.gov.tt will provide some assistance to market participants and the general public with regard to rules and regulations, registration and other requirements as well as investor resources.

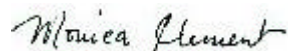
We are also in the process of implementing our public education programme directed especially towards unsophisticated investors and designed to create additional awareness about the nature and operations of securities markets. In this regard, the Commission intends to organise

workshops and seminars for the benefit of market actors and the public. Emphasis will be placed also on the publication of material for dissemination to the public on topics of interest to them. This will ensure that investors can protect themselves against market manipulation and fraud, trends that are becoming more evident even in highly regulated and developed markets.

The SEC will seek to ensure greater compliance with the requirements of the Securities Industry Act 1995. This will apply not only to persons currently registered with the Commission, but also to those who are now engaged in various activities but have not brought themselves or the securities they market under the purview of the Commission. I wish to emphasise my commitment to capital market development as the Commission endeavours to address the concerns of market participants. However, the participants are expected to embrace earnestly their responsibility towards instilling confidence, fairness and integrity in the market. The provisions of the Act provide an appropriate framework of the attainment of standards and it is hoped that market intermediaries will make every effort to comply.

The programme of training for the staff of the Commission will continue in order to ensure that they are suitably equipped to respond to the challenges and the regulatory issues arising from the dynamics of the marketplace.

I know from experience the importance of a stable, fair and orderly financial market for capital market and economic development. Therefore in looking ahead, greater vigilance and cooperation with our stakeholders will be required to maintain stability and integrity, and foster the creation of such an environment.



Monica Clement
General Manager

GLOBAL ECONOMIC PERFORMANCE

Positive trends in world output which was estimated at 3.4 percent in 1999, continued into the year 2000, with growth for that year projected at 4.7 percent¹ (**Appendix A**). This expansion was boosted by the strong performance of the U.S. economy, the acceleration of economic growth in Europe and the improved performance of emerging markets. Indications were that the performance of the world economy was particularly robust during the first half of the period but decelerated during the latter half.

The U.S. economy buoyed by rising industrial output, productivity growth and a surge in foreign capital inflows, continued its upward trend during the period albeit at a reduced growth rate compared with the previous year. In Europe, economic growth accelerated but was more modest than that achieved in the United States while in Japan, there was resumption in economic growth after the poor performance in 1999.

Emerging markets enjoyed a mixed performance with the Asian region outperforming the other regions. Several Asian economies, which were affected by the financial crisis of 1997/98 began to show signs of an economic turnaround during the year. In Hong Kong, Korea and Singapore growth rates returned to pre-crisis levels while Indonesia, Malaysia, Thailand and the Philippines continued to experience economic difficulties. In the African region, growth remained sluggish as these economies continued to struggle with large fiscal deficits, balance of payment difficulties and political and social problems. The Latin American region experienced more buoyant conditions in 2000 attributed partly to the resurgence of foreign investment flows into the region. Mexico and Brazil were the best performing economies while Argentina and Chile continued to be plagued by structural problems. The CARICOM region enjoyed a mixed performance over the year with growth trends remaining positive although less robust than in the previous year.

¹ International Monetary Fund, World Economic Outlook, World Economic and Financial Surveys, September 2000.

CAPITAL MARKET HIGHLIGHTS

INTERNATIONAL CAPITAL MARKET

During the last quarter of 1999 international capital markets experienced some uncertainty associated with the Y2k bug as cautious issuers deferred their public offerings until the new year and some investors adopted a ‘wait and see attitude’. Much of this anxiety dissipated as the transition to the new year proved uneventful. By the end of the first quarter of 2000 it was apparent that financial markets had regained their exuberance as the increased activity drove indices to record levels. However the investment climate deteriorated following the steep drop in the prices of internet and technology-related stocks in the United States in April and the subsequent weakening of the market for U.S. equities. The slowing of the U.S. economy also triggered fears of a recession, which further undermined investor confidence. Nevertheless, data on capital inflows in international capital markets indicate that the United States continued to be an attractive market to domestic and foreign investors.

Debt Securities Market

The international debt market continued on its phenomenal growth path in 1999/2000 consistent with the trend observed in recent years. Another notable feature of this market was the increase in the supply of issues from non-financial corporations, which partly offset the decline in the supply of government issues.

International debt outstanding at the end of June 2000 amounted to US\$ 5,580 billion more than double the amount recorded at the end of 1995. Available data indicate that this market continued to expand during the financial year but there was a fall off in the pace of issuance. Net issuance of international debt securities totaled \$265.5 billion in the second quarter of 2000, a slight increase over the previous quarter but 27 percent below the same quarter a year earlier².

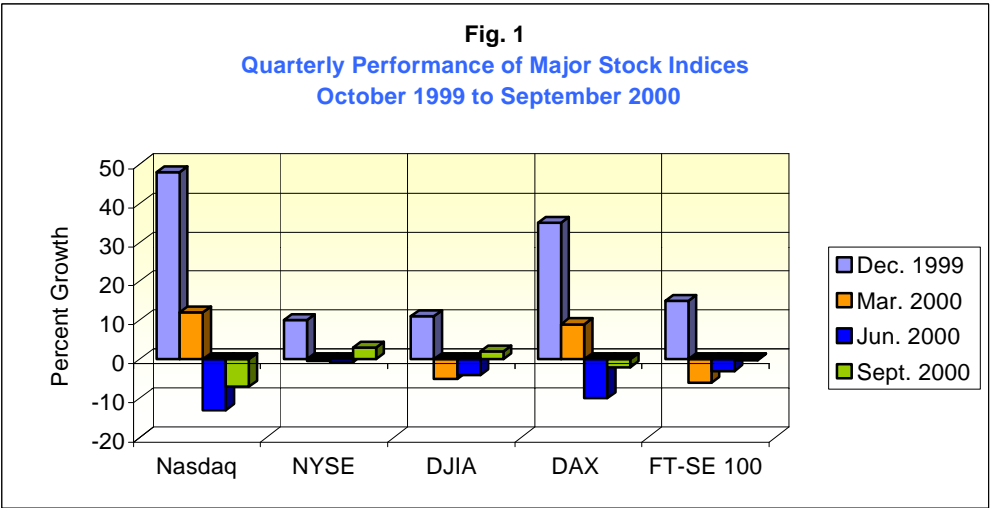
² Bank for International Settlements, BIS Quarterly Review, August 2000

In the United States and Europe rising interest rates resulted in greater volatility and a widening of yield spreads at both the short and long ends of the market.

During the first half of the financial year, borrowers from developing countries enjoyed greater market access to international credit, with net issuance rising from US\$9 billion in the final quarter of 1999 to US\$20 billion at the end of the March 2000. However, this situation deteriorated after April 2000 following the sharp weakening of the Nasdaq Index. This slowdown occurred despite the fact that these economies were enjoying favourable macroeconomic conditions and improved credit ratings.

Equities Markets

Investors in equity markets experienced sharp fluctuations in their fortunes as the market was subject to considerable volatility. The weakened performance of the U.S. equities market reverberated around the world dampening activity in major financial centers with the result that those markets failed to achieve the record gains of the previous year. By the end of the September 2000, the major indices including the Dow Jones Industrial Average (DJIA), the Nasdaq Composite Index (Nasdaq), the Deutsche Dax Price (DAX) and the London FT-SE 100 (FT-SE) had registered significant declines, falling below the levels attained at the end of December 1999 (**Appendix A**). Equity markets in the United States began to show signs of a recovery during the quarter ended September 2000, with the NYSE Composite Index with the DJIA Index recording slight advances. However, in Europe the leading markets declined during this quarter. **Figure 1** highlights the quarterly performance of the major indices for the period October 1999 to September 2000.



Source:International Federation of Stock Exchanges

REGIONAL CAPITAL MARKETS

Regional capital market activity was driven during the year by ongoing efforts on the part of countries of the region to develop market infrastructure to international standards. There were several significant developments within the region as countries sought to build their capital markets. Within recent years the more developed markets in Jamaica, Barbados and Trinidad and Tobago have embarked on several initiatives ranging from legal and institutional reform to automated trading and the establishment of central securities depositories. The Organisation of Eastern Caribbean States (OECS) continued efforts to establish a formal stock exchange.

In addition, the more developed securities markets have embarked on initiatives to improve their securities clearance and settlement arrangements and to automate trading on the Exchanges. Jamaica has led the way in this respect and the Jamaican Central Securities Depository was launched in June 1998. While not yet a reality, both Trinidad and Tobago and Barbados have achieved substantial progress in implementing the legal and institutional arrangements that will support the operation of a central securities depository.

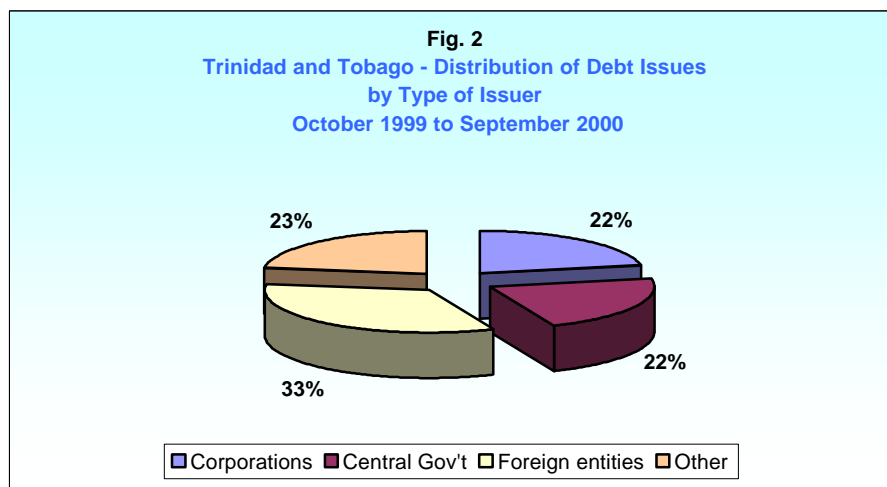
Despite these developments, the wider objective of a harmonised regional capital market still remains outstanding, as the infrastructural and institutional arrangements to facilitate this process are not yet in place.

Trinidad and Tobago

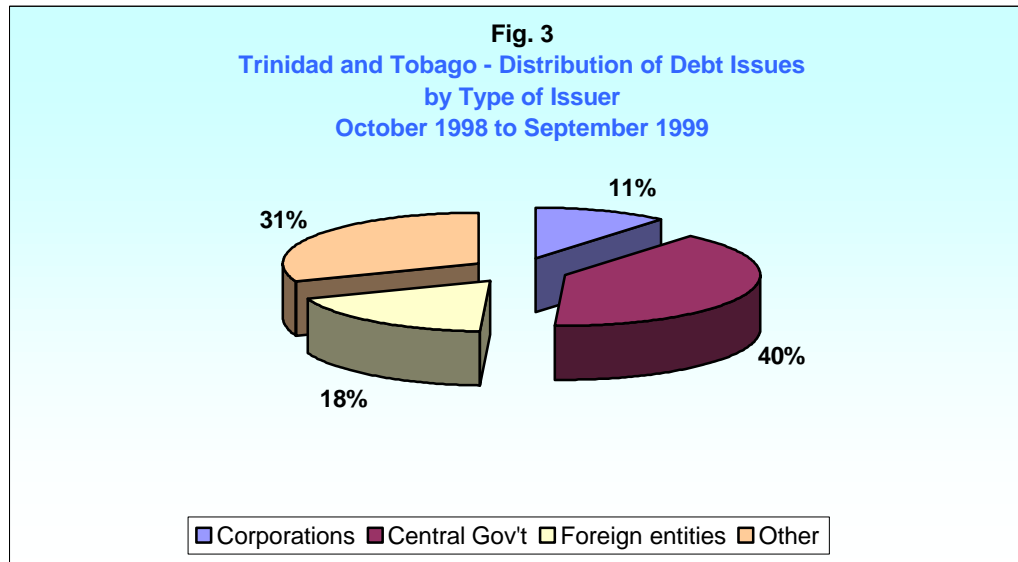
In Trinidad and Tobago, the securities market showed increased dynamism with the expansion of the mutual fund sector and the increase in the number of financial intermediaries and product offerings. Among the developments during the year were the entry of a new brokerage firm in the fixed income securities market, the merger of two of the existing brokerage firms and the grant of approval by the Securities and Exchange Commission for the distribution of several new products.

Debt Securities Market

Available data for the primary market indicate that the issuance of debt declined during the period under review. The value of issues placed during this period was approximately TT\$4.2 billion compared with TT\$4.7 billion in the previous fiscal period. Private corporations, domestic and foreign were significant players in the market. The share of corporate issues by domestic firms rose from 11 percent in 1998/99 to 22 percent in fiscal year 1999/2000. Borrowers from countries in the region including St. Kitts, St. Lucia and Belize also raised funds in the domestic market, with the share of foreign issues increasing from 18 percent to 33 percent in fiscal year 1998/99 and 1999/2000 respectively. Although the Central Government continued to be a major borrower in the capital market, the share of government debt issues declined from 40 percent in fiscal year 1998/99 to 22 percent in 1999/2000. **Figures 2 and 3** show the distribution of issues in the domestic capital market by type of issuer.



Source: Central Bank of Trinidad and Tobago



Source: Central Bank of Trinidad and Tobago

In June 2000, the Government of Trinidad and Tobago floated two bond issues in the international bond markets. These included a Yen denominated 11 billion bond issue and a US dollar denominated 250 million Eurobond issue.

Despite the existence of a sizable primary market in debt securities, the secondary market for debt continues to be narrow and relatively inactive particularly in corporate bonds. In addition many of these trades (especially for corporate bonds) are conducted off the floor of the Exchange with the result that available data on such transactions is virtually non-existent. Data for the period October 1999 to August 2000 indicate a total of TT\$18.2 million in government securities were traded compared to the previous period when the value of trades was TT\$10.9 million.

Equity Market

While there were no initial public offerings during the period, there was some activity in the market for new issues. **Table 1** indicates that a total of TT\$335 million was financed through rights issues and other equity offerings. In addition there were a few stock splits in the market.

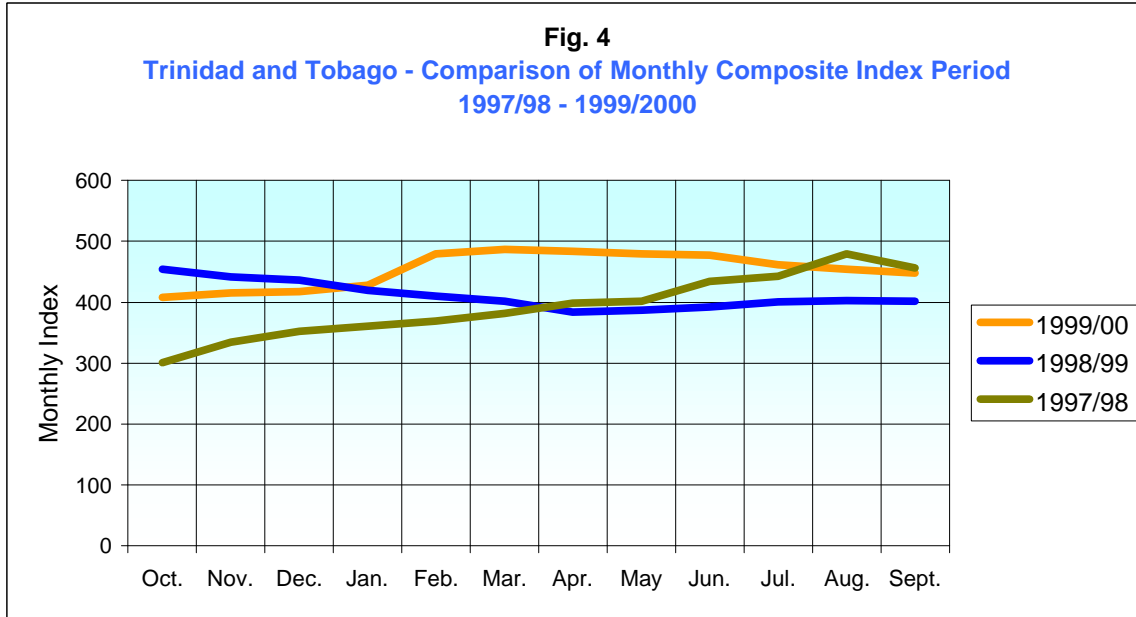
Table 1
Capital Raised by New Issues
October 1999 to September 2000

Reporting Issuer	New Capital (TT\$ million)
Life of Barbados Limited	43.1
Barbados Shipping and Trading Company Limited	69.1
Caribbean Communications Network Limited	46.2
Life of Barbados Limited	43.1
Barbados Shipping and Trading Company Limited	70.4
Guardian Holdings Limited	62.8
TOTAL	334.7

Source: Trinidad and Tobago Stock Exchange Limited

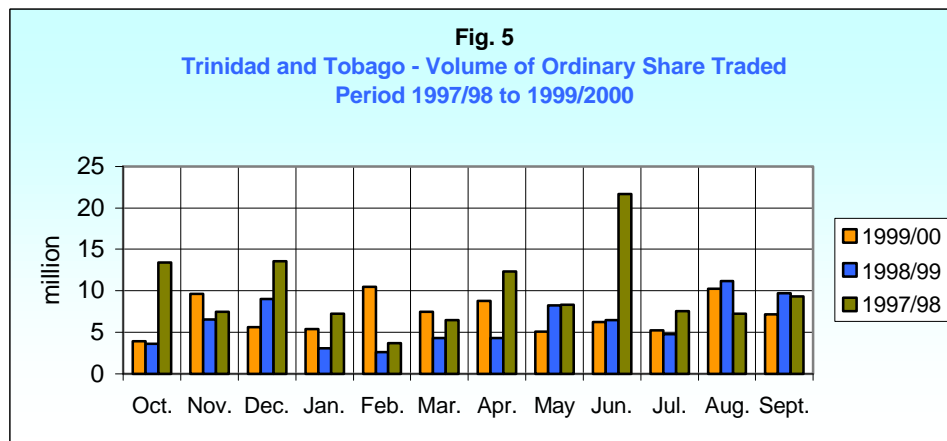
During the financial year the Trinidad and Tobago stock market Composite Index advanced by 11 percent as compared with the previous year when a 12 percent decline was recorded. The market rebounded during the last quarter of 1999 and this trend continued until March 2000 with the Index peaking at 486.7. However, the stock market was affected by increased uncertainty in the domestic and external environments and subsequently suffered a reversal of this trend with the result that the market closed at 447.3 at the end of September 2000.

Figure 4 compares the performance of the stock market over the period October 1997 to September 2000.

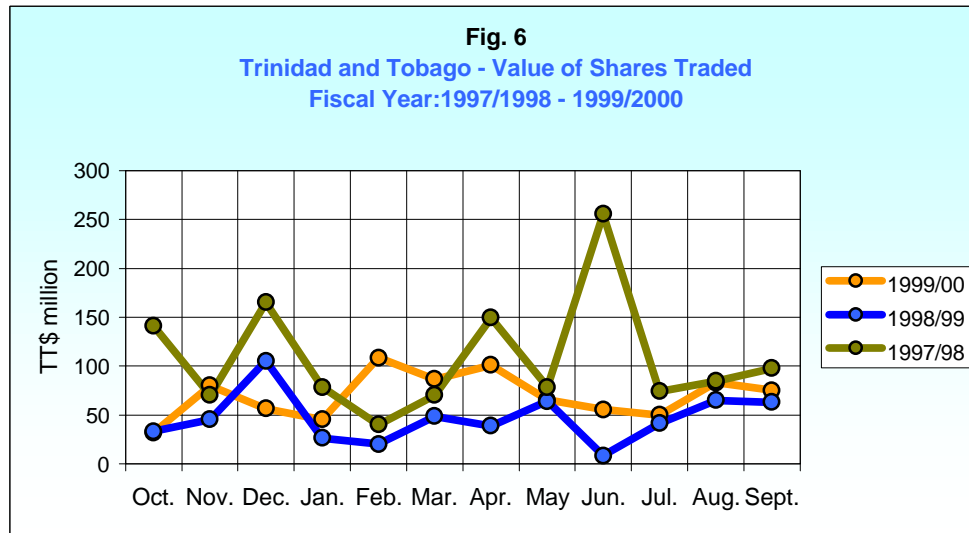


Source: Trinidad and Tobago Stock Exchange

The number of listed companies on the First Tier Market remained unchanged at 29 with market capitalisation amounting to TT\$30.1 billion at the end of the review period, a 14 percent increase over the previous year. During the period 92.7 million shares with a value of TT\$949 million were traded, reflecting increased activity in the stock market over the previous year. **Figures 5 and 6** show the stock market trends for the period 1997/98 to 1999/2000.



Source: Trinidad and Tobago Stock Exchange



Source: Trinidad and Tobago Stock Exchange

Collective Investment Schemes

The market in Trinidad and Tobago for collective investment schemes (including unit trusts, mutual funds, equity funds etc.) achieved significant growth during the period under review. There was an increase in the number of mutual fund promoters registered by the SEC as well as the number of mutual funds. The majority of the funds are denominated in TT dollars with others denominated in foreign currencies. Available data for TT dollar denominated funds indicate that by the end of June 2000 total funds under management was TT\$5,630.7 million³. Money market funds accounted for the greater proportion (69 percent) of fund value. During the year equity based funds were negatively affected by the softening of the domestic stock market with the resulting loss of market valuation of such funds.

One significant development that is likely to have a favourable impact on the market is the upgraded credit rating afforded to Trinidad and Tobago by Moody's Investors Service in April 2000. Trinidad and Tobago's long-term foreign currency country rating for bonds and notes was upgraded to Baa3 from Ba1, while its long-term currency rating for bank deposits was also upgraded from Ba2 to Ba1.

³ Data provided by the Central Bank of Trinidad and Tobago

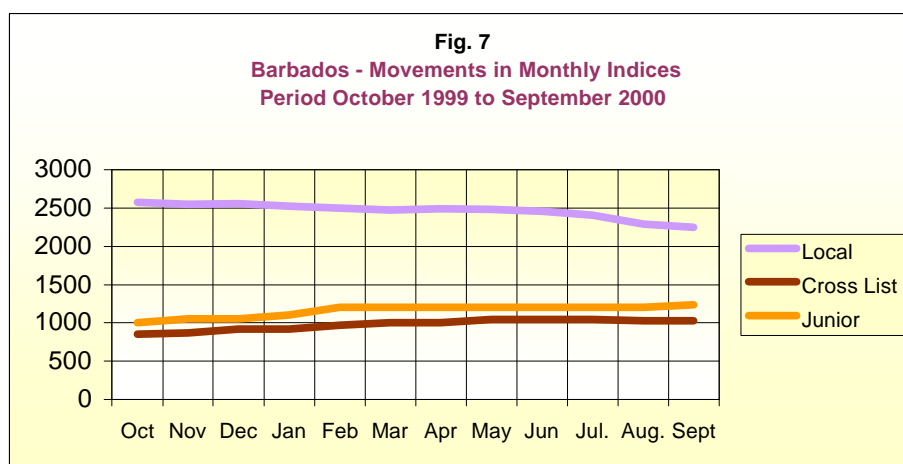
Barbados

The number of companies registered on the Securities Exchange of Barbados (SEB) increased to twenty-two in the year 2000 with the admission of two foreign-based companies. This brought to four the number of foreign companies listed on that Exchange. At the end of September 2000, there were 22 ordinary and 4 preference shares listed on the Exchange. There is also a secondary market for bonds but trading in this market is minimal.

During the year market capitalisation of companies registered in Barbados declined slightly from BDS\$4 billion in October 1999 to BDS\$3.5 billion at the end of September 2000. In contrast, market capitalisation for foreign companies increased by BDS\$987 million to BDS\$2.6 billion with the admission of Grace, Kennedy and Company Limited of Jamaica and Neal and Massy Limited of Trinidad and Tobago to the SEB.

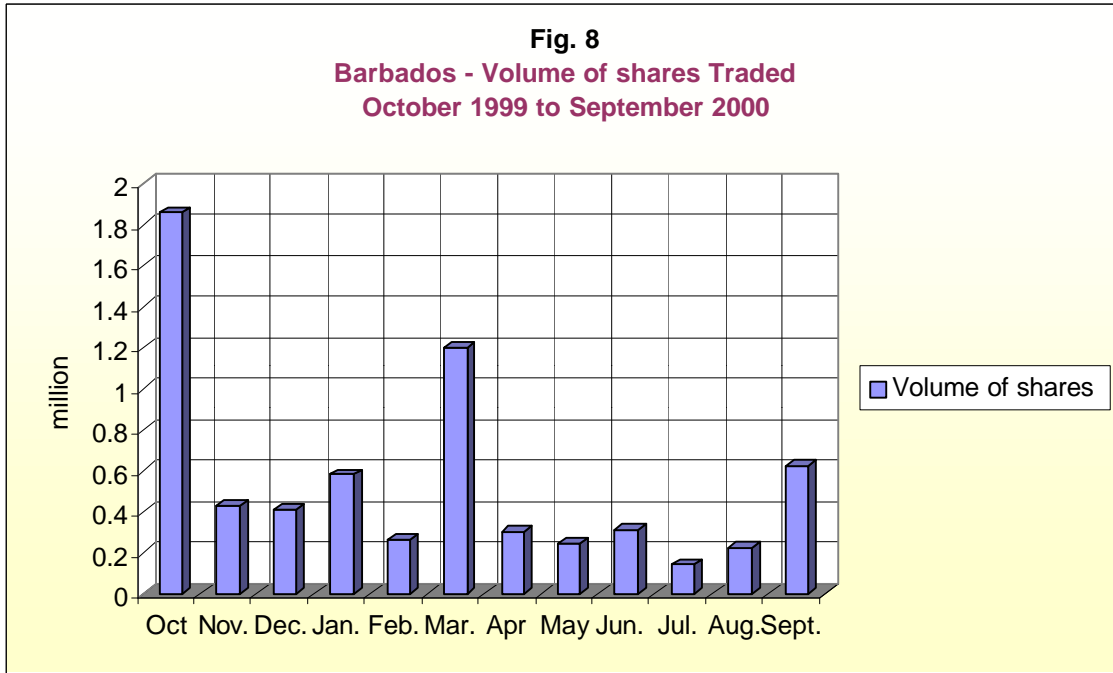
In October 1999, the Securities Exchange of Barbados introduced a Junior Market to allow the shares of firms with smaller capitalisation to be listed. Consequently, the SEB now maintains three separate indices – the Local Index, the Cross-List Index and the Junior Market Index - to track activity on the Exchange. There are two mutual fund related instruments listed on the Junior Market.

The market capitalisation for the Junior Market showed a 24 percent increase in value, rising from BDS\$17.7 million to BDS\$22 million. The Local Index fell 322 basis points (13 percent) between October 1999 and September 2000, ending at 2,252.2. However the Cross List and the Junior Market Indices recorded advances of 20 percent and 23 percent respectively. **Figure 7** compares movements in the respective indices for the financial year 1999/2000.

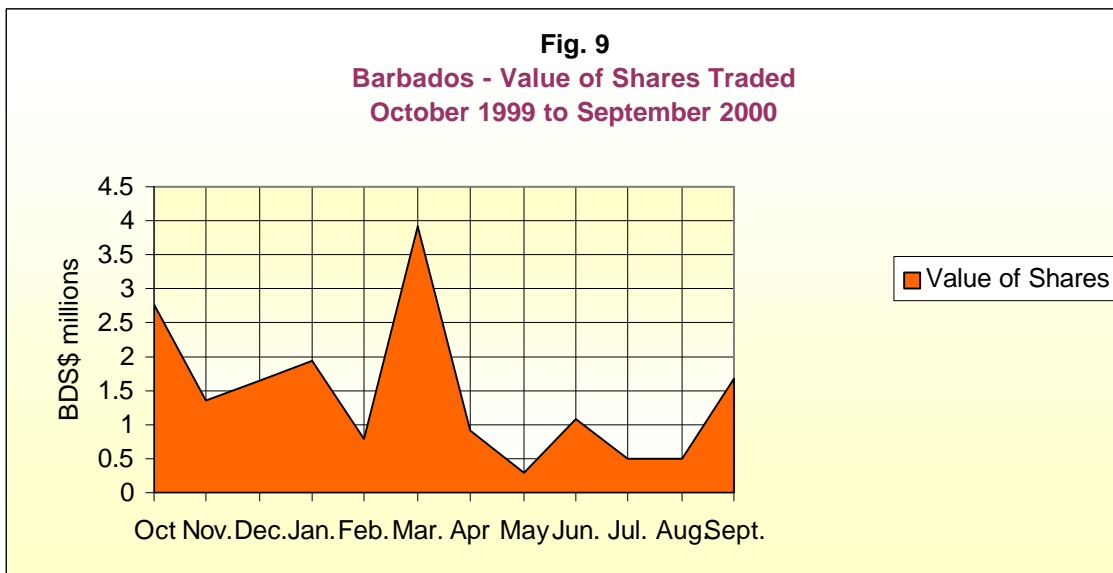


Source: Securities Exchange of Barbados

Approximately 6.6 million shares with a value of BDS\$17.59 million were traded during the 12-month period. Trading peaked in the first quarter of 2000 with shares valued at BDS\$6.7 million changing hands. The Barbados equities market experienced some turbulence during the latter half of the financial year. The performance of the Barbados stock market in terms of shares traded is depicted in **Figures 8 and 9**.



Source: Securities Exchange of Barbados

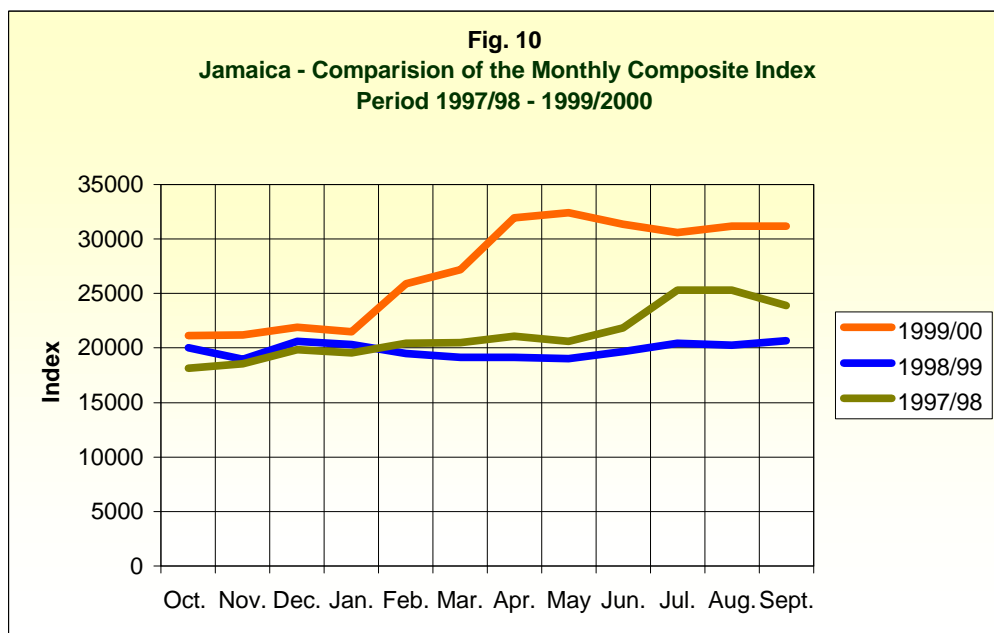


Source: Securities Exchange of Barbados

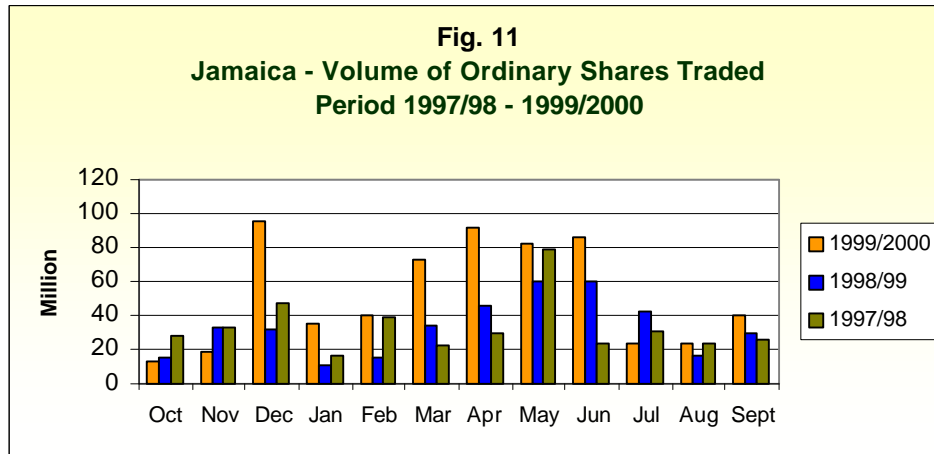
Jamaica

After an initial slow start, the Jamaican stock market rebounded during the year. In September 2000, Guardian Holdings Limited, a Trinidad and Tobago based company, was listed on the Exchange. At the end of September 2000 market capitalisation in respect of the forty-five listed companies stood at JA\$171.9 billion, compared with JA\$98.6 billion at September 1999.

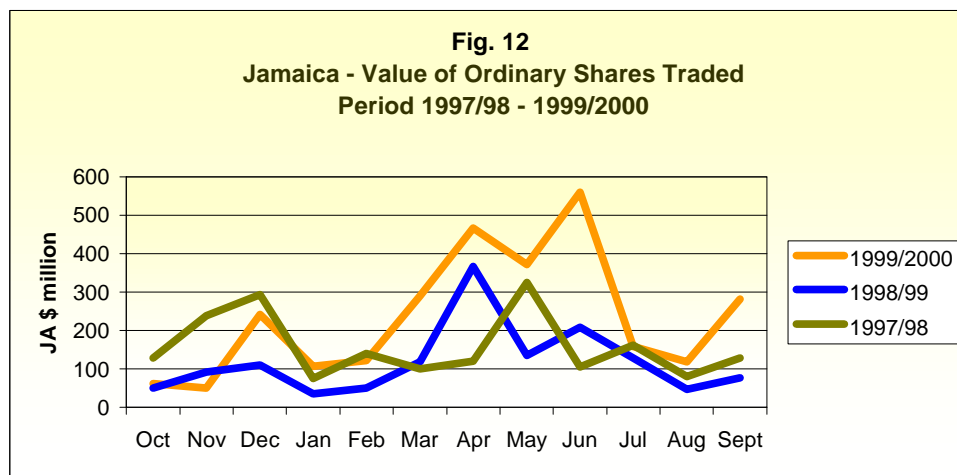
A significant development within this market was the introduction of two new indices – the JSE All Jamaican Composite Index (JAM NDX) which monitors the performance of domestic companies (May 1) and the Jamaica Select Index (SEL NDX) which comprises the fifteen most liquid stocks (June 1). This brought to three the number of indices used to measure movements in that market. The Jamaica Stock Exchange Index (JSE NDX) which tracks the performance of the forty-five companies listed on the Exchange recorded approximately 50 percent increase over the previous year, advancing from 20,677.7 at the end of September 1999 to 31,152.7 in the corresponding period in 2000. However, both the JAM NDX and the SEL NDX recorded slight declines. **Figures 10 to 12** show trends in the Jamaican stock market for the period October 1997 to September 2000.



Source: Jamaica Stock Exchange



Source: Jamaica Stock Exchange



Source: Jamaica Stock Exchange

The Jamaican stock market has seen a phenomenal increase in activity during the year. A total of 623.0 million ordinary shares valued at JA\$2,830 million was traded during the fiscal year 1999/2000 representing a 100 percent increase in the value of shares traded during the previous period. In contrast, block transactions declined substantially, falling to JA\$383 million as compared with JA\$868.2 million and JA\$572.3 million over the period 1998/99 and 1997/98.

It is to be noted that the tremendous improvement in the Jamaican stock market is partly due to depressed stock prices which have made it a buyer's market. Many shares traded below book value during the year. The performance of the market was also boosted by the reduction of the withholding tax on dividends, growth in company earnings and the ongoing modernisation of the exchange.

Organisation of Eastern Caribbean States

The Eastern Caribbean Central Bank (ECCB) is making good progress in its efforts to establish an organised stock exchange in the Eastern Caribbean. It is anticipated that the stock exchange for the Organisation of Eastern Caribbean States (OECS) will start trading by the end of March 2001. The ECCB is also working on the legal and regulatory frameworks to support this regional exchange and at this time four member states – Antigua and Barbuda, St. Kitts, St. Lucia and Grenada - have already signed a harmonised Securities Act and a Treaty to establish a Regional Securities Regulatory Commission. Dominica and Montserrat are also expected to become signatories of the Treaty. Special provisions are also being made to include the British dependencies of Anguilla and Montserrat.

REVIEW OF OPERATIONS

DISCLOSURE, REGISTRATION AND CORPORATE FINANCE

During the year the Division of Disclosure, Registration and Corporate Finance performed functions pursuant to the requirements for the registration of reporting issuers, market actors and securities as well as the issue of receipts for prospectuses. In this regard, the Division is required to: -

- (1) Review and process applications for registration of issuers, market actors and securities.
- (2) Review and issue receipts for prospectuses covering securities to be issued.

REGISTRATIONS

Market Actors & Reporting Issuers

The number of persons on the Registers maintained by the Commission as at September 30, 2000 totaled 127, an increase of more than 11 percent in the number of registrants at the end of September 30, 1999 (**Table 2**). **Appendix B** lists all the persons registered with the Commission as at September 30, 2000.

Table 2
Persons Registered with the Commission
as at September 30, 1999 and September 30, 2000

Class of Registration	September 30, 2000	September 30, 1999
Broker	10	11
Dealer	2	2
Investment Adviser	22	18
Reporting Issuer	56	48
Securities Company	18	16
Self-Regulatory Organisation	1	1
Trader	7	7
Underwriter	11	11
TOTAL	<u>127</u>	<u>114</u>

Section 64(2) of the Securities Industry Act, 1995 states that,

“A person who proposes to issue securities to the public shall register with the Commission as a reporting issuer and file a registration statement in the prescribed form and within the prescribed time.”

Securities

The Commission registered forty-two (42) securities during the period October 1, 1999 to September 30, 2000. Four (4) of the securities registered were mutual funds, one local US dollar fund and three (3) foreign mutual funds. Debt and debt related (derivatives) issues valued at over US \$664 million, accounted for approximately 59 percent of the registered securities.

Section 65(1) of the Act states that

“...no security shall be offered to the public or listed with any self-regulatory organization unless it is registered with the Commission..”

Table 3 provides a breakdown of the type of securities registered with the Commission. A list of the securities registered for the fiscal period is provided in **Appendix C**.

Table 3

Classes of Securities Registered by the Commission for the period October 1, 1998 to September 30, 1999 and October 1, 1999 to September 30, 2000

Class of Securities	October 1999 - September 2000	October 1998 - September 1999
Equity Issues	13	16
Mutual Funds	4	2
Debt Issues	17	17
Pension Products	-	1
Derivatives (Debt)		
Securities	<u>8</u>	<u>8</u>
TOTAL	<u>42</u>	<u>44</u>

Deregistrations

Five (5) persons were deregistered during the period October 1, 1999 to September 30, 2000. Also, it should be noted that Money Managers Limited a company registered as a Securities Company ceased conducting this type of business activity on March 31, 2000.

DISCLOSURE

Disclosure is the provision of sufficient relevant and timely information, positive or negative that may influence investors' decisions on whether to buy, hold or sell investments. The disclosure is required to be presented either in a Prospectus or Offering Circular.

Section 69 states

“...no person shall distribute a security unless a prospectus or a block distribution circular has been filed with and a receipt therefore has been issued by the Commission”

Section 72(2) of the Securities Industry Act, 1995 states that:-

“...a prospectus shall contain such information as investors and their professional advisers would reasonably require, and reasonably expect to find there, for the purpose of making an informed assessment of –

- a) The assets and liabilities, financial position, profits and losses, and prospects of the issuer of the securities; and
- b) The rights attaching to those securities,

Being information which is within the knowledge of any person responsible for the prospectus or which it would be reasonable for him to obtain by making enquiries..”

Specifically, the disclosures focus on: -

(1) The Company

This includes information on the company business activities. The disclosure also extends to future prospects, expectations and related assumptions.

(2) The Securities

The characteristics of the security, terms of the offer, risk factors, conflicts of interest, identification of service providers and application and allotment procedures are disclosed.

As at September 30, 2000 the Commission received eleven (11) prospectuses including four (4) mutual funds. Details of these prospectuses are provided in **Appendices D and E**.

MARKET REGULATION AND SURVEILLANCE

Market Regulation

During the financial year, the Market Regulation and Surveillance Division addressed a wide range of compliance issues. This included reviewing the operations of the Trinidad and Tobago Stock Exchange, then the only registered Self-Regulatory Organisation. The Division also monitored persons and the marketing and distribution of securities in the market in order to ascertain compliance with respect to the registration requirements for persons and securities under the Securities Industry Act 1995.

Section 143(1) gives the Commission the power to impose penalties. It states that

“Where the Commission after hearing determines that a person has contravened this Act or any by-law or an order of the Commission and considers it to be in the public interest to make the order, the Commission may order the person to pay the State a penalty of not more than fifty thousand dollars.”

Revocation of Registration

Section 59(4)(a)

“The Commission may suspend or revoke the registration of any underwriter or investment adviser –

(a) if he fails to maintain the prescribed level of capitalization...”

Towards the end of 1999, it was determined that the capital position of two registrant companies was deficient and they were advised that it was necessary that their capital position be regularised if they wished to continue to be registered. One company subsequently restored its capital to the required level; the other company, Investments International (Trinidad) Limited was unable to meet the prescribed capital requirements. Consequently in January 2000, the Commission suspended the registration of Investments International (Trinidad) Limited and gave the company a period of three months to regularise its status and provide the Commission with satisfactory evidence that it had met the capital requirements prescribed in the Act. The

company did not provide the required documentation and the Commission eventually revoked its registration with effect from June 8th 2000.

Insider Reporting Obligations of Public Companies

During the year, the Division monitored public companies' compliance with insider reporting obligations set out in the Companies Act, 1995. That Act requires that public companies maintain a Register of Directors' Holdings and a Register of Substantial Shareholders. Directors and substantial shareholders of public companies must provide those companies with certain specified information within prescribed timeframes, and record that information within their Registers within a prescribed timeframe. Public companies are obliged to advise the Commission immediately of each such entry and to provide the Commission with full details of all information entered therein.

Public companies registered with the Commission were reminded them of their obligation to report certain information to the Commission in accordance with the insider reporting requirements of the Companies Act, 1995.

It is important to note that full disclosure of the trading activities of company insiders is necessary for ensuring market integrity and steps have been taken to ensure that all public companies registered with the Commission comply with the Act's insider reporting requirements. This information primarily assists the Commission in addressing a number of regulatory issues such as insider trading and market manipulation. The Division is currently working to ensure that all public companies are aware of their obligations to submit the required information, and is providing guidance when required.

Financial Reporting

All persons registered under the Securities Industry Act, 1995 except Traders and Brokers are required, in accordance with the Securities Industry By-laws, 1997 to file their audited financial

statements with the Commission annually, and within three months of their financial year. Individuals are required to file financial statements before April 1st. The By-laws also require Reporting Issuers to file half-year financial statements within two months of the period to which they refer, and to file Annual Reports within four months of their financial year-end.

The information contained in these documents is used primarily to ascertain registrants' compliance with capital requirements, and to review their financial viability and sustainability. Over the review period, the Division moved to ensure that all persons including state enterprises required to make such filings, do so and within the stipulated period.

Indemnity Insurance

Some attention was also paid to the adequacy of Indemnity Insurance coverage as is required under the Act.

Oversight of the Stock Exchange

With respect to its oversight of the operations of SROs, attention was focused on the operations of the Trinidad and Tobago Stock Exchange (TTSE), specifically on that Exchange's regulation of the conduct of its members in accordance its body of rules. Particular attention was focused on compliance with the TTSE Rule requiring member companies to file certain financial returns with the Exchange.

Over the period, the Rules of the Exchange were reviewed in order to ensure the existence of fair trading practices. The Division has made a number of recommendations in this regard including proposals for a change in the Rules. The Commission has invited and received comments from the brokers and the Exchange, with respect to these proposals.

The Commission also intends to increase its vigilance of the Exchange's enforcement of its Listing Requirements, specifically that companies listed on the Exchange provide timely and adequate disclosure of information.

Fair Disclosure

In this regard it should be mentioned that although the Commission has not enunciated a policy about Fair Disclosure, the Division of Market Regulation and Surveillance, has been soliciting the co-operation of a number of listed companies in ensuring that price sensitive information is disseminated to the investing public in a manner that precludes selective disclosure. The press announcement by Agostini's Limited on September 29th 2000, advising the public of a possible disappointment in its profits for the year then ended, was hailed by analysts in the industry as a bold step. This was a first step, which augurs well for the trend towards fair disclosure in the market.

Surveillance

With reference to its surveillance functions, the existence of a number of telemarketing companies distributing securities to persons residing in Trinidad and Tobago has been noted. In this regard, it should be noted that the Securities Industry Act prohibits persons from making unsolicited telephone calls, except under certain circumstances, to any residence in Trinidad and Tobago, for the purpose of trading a security. The Division has communicated with one telemarketing company and has initiated steps to regularise its status.

Efforts were also made to curtail the illegal marketing and distribution in Trinidad and Tobago of unregistered foreign investment products. To this end it contacted the foreign distributor of one of the unregistered foreign investment products, in an attempt to bring that person into compliance. The Commission has since been examining various options to facilitate the registration of foreign products so that while local investors will continue to have wider investment choices, their interests will not be jeopardized.

During the period the Commission received a number of complaints, both written and verbal, from investors about perceived market abuses.

In June 2000, the Commission commenced inquiries into certain unusual trading activity on the Floor of the Trinidad and Tobago Stock Exchange on June 28th and 29th. Towards the end of the review period, the Commission commenced an inquiry into trading of the listed securities of one public company with the objective of determining whether there may have been any instance of illegal trading by insiders. At the time of preparing this report, these investigations were still ongoing.

LEGAL ADVISORY AND ENFORCEMENT

The Legal Advisory And Enforcement Division provides advisory services to other divisions in the Commission and takes enforcement action where it has determined that breaches of the Securities Industry Act, 1995 have occurred. The Division is also responsible for formulating new rules and policies in response to developments in the market, administering securities legislation and reviewing all proposed legislation regarding securities business and reviewing prospectuses and related documents.

The Division was actively engaged in finalising the proposed Take-Over By-Laws made pursuant to section 131(2) of the Securities Industry Act, 1995. In accordance with section 132(1) of the Act, the Commission published the proposed By-Laws in the daily newspapers and in the Gazette for public comment in October 2000. The Division is currently engaged in reviewing the comments submitted by members of the public in response to the publication.

A review of the Rules for the Trinidad and Tobago Central Depository Limited, a self-regulatory organization, was completed during the period. The Depository, a subsidiary of the Trinidad and Tobago Stock Exchange, will provide a computerised central facility for clearing securities transactions. The operation of this facility will obviate the need for the physical movement of certificates and is expected to reduce the length of time for the settlement of securities transactions.

Over the past three and a half years, several areas in the Securities Industry Act 1995 have been identified as being in need of amendment. Work has therefore commenced a comprehensive review of the Act with the objective of enhancing the legal framework needed to enable the Commission to regulate the securities market effectively. When this review is completed, the Commission will forward recommendations for amendments to the Honourable Minister of Finance.

Amendment to the Fee Schedule

The Finance (Miscellaneous Provisions) Act, 2000 (The Finance Act) was assented to on September 5, 2000. The Finance Act amends various sections of the Securities Industry Act to provide for the annual registration of market actors. It was formerly the case that the market actors specified in section 53(1) of the Act registered only once and therefore paid a fee on a single occasion. The amendment requires market actors to renew their registrations annually.

The Finance Act also provides for the first time that the prescribed fee must accompany an application for registration as a self-regulatory organisation. The Finance Act has also amended section 36 of the Securities Industry Act by providing that the registration of a self-regulatory organisation shall be valid for a period of one year from the date of registration and providing for the annual renewal of such a registration.

The Finance Act also amends section 45(1) of the Securities Industry Act to provide that no self-regulatory organisation shall de-list a security admitted for quotation by it, unless it obtains on payment of the prescribed fee an order from the Commission authorising the de-listing and imposing, for the protection of investors, such conditions, if any as it thinks fit.

The Finance Act has also amended section 69 of the Securities Industry Act by providing that no person shall distribute a security unless a prospectus or block distribution circular has been filed with the prescribed fee and a receipt therefore has been issued by the Commission. The revised fee structure is detailed in **Appendix F**.

RESEARCH

The programme of work of the Research Division, during the fiscal year, spanned a wide range of issues related to capital market development at the domestic and international levels. The Division's activities included:

- responding to requests for information from several domestic, regional and international agencies
- developing links with international securities and exchange commissions and other regulatory agencies
- preparing of the Commission's Annual Report
- compiling of a capital market database specific to the needs of the Commission

Payment System and Securities Settlement Reform

The Division was also involved in several projects aimed at institutional strengthening of the capital market. One of the priority areas for the Division was the reform of the payments and securities clearance and settlement systems.

In February 2000, Trinidad and Tobago hosted a World Bank-led mission on the Western Hemisphere Payments and Securities Clearance and Settlement Initiative organised principally by The World Bank in partnership with the Centre for Latin American Monetary Studies (CEMLA). The objective of this Initiative is to describe and assess the payments systems of the Western Hemisphere with a view to identifying possible improvement measures in their safety, efficiency and integrity.

The World Bank-led team, in conjunction with a Country Team comprised of officials of the Central Bank of Trinidad and Tobago and the Research Division of the SEC conducted a study of the country's payment system and the securities settlement system. Discussions were held

with a wide cross section of stakeholders. On the basis of the study the SEC received two reports:

- *Payments and Securities Clearance and Settlement Systems of Trinidad and Tobago, September 2000*
- *Assessment and Recommendations for the Payments and Securities Clearance and Settlement System of Trinidad and Tobago, June 2000*

The first report is a public document which was posted on the Western Hemisphere Payments and Securities Clearance and Settlements Initiative's web page in September 2000 and may be accessed at www.ipho-whpi.org.

In addition, the Division participated in several surveys conducted by international regulatory bodies in which Trinidad and Tobago holds membership. Among the questionnaires on which the Division reported were:

- **IOSCO Principles Relating to the Regulator-** which evaluated the extent to which its members were in compliance with the Objectives and Principles of Securities Regulation adopted at its 1998 Annual Conference
- **IOSCO Principles Relating to Issuers-** which addressed the disclosure framework for issuers
- **COSRA Questionnaire on Corporate Governance-** which evaluated the adequacy of company law and securities legislation in achieving good governance

The Draft Report of the COSRA Survey has been received by the Commission while those prepared by IOSCO are expected to be completed during the fiscal year 2001.

INFORMATION TECHNOLOGY

Development of the Management Information System

The work of the Information Technology Division during the year was devoted primarily to the implementation phase of the Management Information System (MIS) project. The goal of this project was the establishment of a technology environment, which would support the organisation's functions of effective regulation and the promotion of the country's capital markets. Implementation work on this project commenced in November 1999, with deliverables on a phased basis and a final completion date of early December 2000.

Major components of the MIS project were the installation of the Network Infrastructure, the development of the Application Software Modules and development of the web site.

Network Infrastructure and Application Software Development

The Network Infrastructure was installed upon the relocation of the SEC's offices to the Central Bank Tower. This network environment has greatly contributed to the increased level of productivity in the organisation by facilitating the sharing and communication of data both internally and externally.

An important element of the MIS project was the development of software application modules, which were designed to reflect the major operational subject areas of the Commission. On completion of the developmental work on these application modules, work began on the conversion of the SEC's records into electronic format.

Web Development

The development of a web site for the Trinidad and Tobago Securities and Exchange Commission was a major component of the MIS Project and efforts were made to complete the work on this website by the end of 2000. This web site will provide information about the SEC,

its roles, functions and operations, as well as relevant information on the reporting issuers, market actors and securities registered by the Commission. The web site also contains the Securities Industry Act, 1995, the Securities Industry By-Laws, 1997 and the Commission's Annual Report. The web site, which can be accessed at www.ttsec.gov.tt will be expanded in the near future to include investor resources.

Staff of the Commission was provided with training in the use of the new Management Information System. This training was delivered in-house by Infotech Associates, the firm of consultants which provided the hardware and software for the MIS.

ADMINISTRATION AND HUMAN RESOURCE DEVELOPMENT

In July 2000, the offices of the Commission were relocated to the Twelfth Floor of the Central Bank Tower at the Eric Williams Financial Complex in Port of Spain. This move along with the implementation of the Management Information System developed by the consultants, provided the staff of the Commission with the physical and technological infrastructure needed to perform its functions more effectively and with a higher degree of efficiency.

Several persons were recruited during the year to fill vacancies in the core staff structure. These included:

- 1 General Manager
- 1 Senior Research Officer – Research
- 3 Financial Research Officers – Market Regulation and Surveillance and Disclosure, Registration and Corporate Finance
- 1 Executive Secretary

In addition, concerted efforts were made to provide opportunities for training and development for personnel of the Commission through involvement in selected training programmes, seminars and conferences held locally and overseas.

Attendance at Conferences and Workshops

Global securities markets are constantly evolving in response to demands of investors for a wide range of products and services. Pursuant to these developments the regulatory framework in these markets is undergoing rapid transformation, posing new regulatory challenges and have raising concerns among financial regulators in both the international and domestic environments. Consequently, the Commission has recognised that the ongoing provision of technical training to its personnel is critical to ensuring the SEC's effectiveness as a regulator. Despite limited resources, the Commission provided opportunities for the staff to participate in workshops, seminars and conferences during the period.

Senior officials and staff of the Commission attended annual meetings organised by the International Organisation of Securities Commissions (IOSCO) and the Council for Securities Regulators of the Americas (COSRA).

Following is a list of the meetings attended:

- *International Monetary Fund Conference on ‘Code of Good Practices on Transparency in Money and Financial,’ held in Mexico City, November 1999*
- *CARICOM Workshop on Financial Engineering for Financial Market Regulators held in Barbados, November, 1999*
- *CARICOM Meeting of Regional Capital Markets Working Group, Barbados, November, 1999*
- *COSRA Third Roundtable Meeting in Barbados, February 2000*
- *The World Bank Group Conference on Non-Bank Financial Institutions: Development and Regulation, Washington, D.C., January – February, 2000.*
- *International Institute for Securities Market Development held in Washington, D.C, April 2000*
- *Thomas Wilds Associates Limited Records Retention Seminars, Washington, D.C, April, 2000*
- *M^cHari Institute, Offshore Financial Services in the Caribbean: Benefits and Challenges, held in The Bahamas, June, 2000*
- *First Meeting of the Caribbean Association of Regulators of International Business held in Trinidad, August, 2000*
- *Central Bank of Trinidad and Tobago, Seminar on Risk Focused Supervision in Trinidad, August, 2000*
- *Central Bank of Trinidad and Tobago, Seminar on Market Risk in Trinidad, September, 2000*
- *Euromoney, ‘Cash Flow Modeling for International Securitisation’, New York, September, 2000*

APPENDICES

Appendix A – Statistical Appendix

Table 1. Overview of World Economic Outlook Projections

Table 2. Performance of Selected Stock Indices

Table 3. Summary of Stock Market Data for Trinidad and Tobago

Table 4. Barbados Stock Market Data

Table 5. Summary of Stock Market Data for Jamaica

Appendix B – Register of Trinidad and Tobago Securities and Exchange Commission

Appendix C – List of Securities Registered

Appendix D – List of Prospectuses Received (excluding mutual funds)

Appendix E – List of Mutual Funds Prospectuses Received

Appendix F – Revised Fee Schedule

Appendix A – Statistical Appendix

Table 1: Overview of the World Economic Outlook Projections
(Annual percent change unless otherwise noted)

	Current Projections			
	1998	1999	2000	2001
World Output	2.6	3.4	4.7	4.2
<i>Advanced economies</i>	2.4	3.2	4.2	3.2
Major industrial countries	2.5	2.9	3.9	2.9
United States	4.4	4.2	5.2	3.2
Japan	-2.5	0.2	1.4	1.8
Germany	2.1	1.6	2.9	3.3
France	3.2	2.9	3.5	3.5
Italy	1.5	1.4	3.1	3.0
United Kingdom	2.6	2.1	3.1	2.8
Canada	3.3	4.5	4.7	2.8
<i>Other Advanced economies</i>	2.0	4.7	5.1	4.2
Memorandum				
Industrial countries	2.7	3.0	3.9	3.0
Euro area	2.7	2.4	3.5	3.4
Newly industrialized Asian economies	-2.3	7.8	7.9	6.1
<i>Developing countries</i>	3.5	3.8	5.6	5.7
Africa	3.1	2.2	3.4	4.4
Asia	4.1	5.9	6.7	6.6
Middle East and Europe	3.1	0.8	4.7	4.1
Western Hemisphere	2.2	0.3	4.3	4.5
<i>Countries in transition</i>	-0.8	2.4	4.9	4.1

Source: World Economic Outlook, World Economic and Financial Surveys, International Monetary Fund, Washington D.C., September 2000

**Table 2 - Performance of Selected Stock Indices
October 1999 to September 2000**

Name of Index	Quarter ending				
	September 1999	December 1999	March 2000	June 2000	September 2000
Nasdaq Composite	2746.2	4069.3	4572.8	3966.1	3672.8
NYSE Composite	592.8	650.3	647.7	642.9	663.0
Dow Jones Industrial Average	10336.9	11497.1	10921.9	10447.9	10650.9
Deutsche Dax Price	4006.4	5409.3	5904.7	5300.3	5218.3
London FT-SE 100	6029.8	6930.2	6540.2	6312.7	6294.2

Source: International Federation of Stock Exchanges

**Table 3: Summary of Stock Market Data for Trinidad and Tobago
October 1997 to September 2000**

	1999/2000	1998/99	1997/98
Number of Ordinary Share Issues	31	31	28
Total Volume of Shares (million)	82.5	73.6	117.9
Total Value of Shares (TT\$ million)	883.3	610.9	1,306.2
Market Capitalisation as at end September (TT\$ million)	29,693.9	26,476.0	25,595.3
Composite Index as at end September	447.3	401.7	455.9

Source: Trinidad and Tobago Stock Exchange Limited

Table 4: Barbados Stock Market Data
October 1999 to September 2000

Period	Volume (million)	Value (Bds\$ million)
October	1.86	2.76
November	0.43	1.35
December	0.41	1.65
January	0.58	1.95
February	0.26	0.85
March	1.2	3.94
April	0.3	0.91
May	0.24	0.31
June	0.31	1.09
July	0.14	0.55
August	0.22	0.52
September	0.62	1.69

Source: Securities Exchange of Barbados

Table 5: Summary of Stock Market Data for Jamaica
October 1997 to September 2000

	1999/2000	1998/99	1997/98
Number of Ordinary Share Issues	45	44	n.a.
Total Volume of Shares (million)	623.0	393.3	399.6
Total Value of Shares (JA\$ million)	2,830	1,421.7	1,894.9
Market Capitalisation as at end September (JA\$ billion)	171.9	98.6	79.05 ¹
Composite Index as at end September	31,152.7	20,677.7	23,912.6

n.a – not available

1. Market capitalisation as at December 1998

Source: Jamaica Stock Exchange

APPENDIX B – LIST OF REGISTRANTS

Register of The Trinidad and Tobago Securities & Exchange Commission As At September 30, 2000

Broker

Akan, Myrnelle
Balram, Kisraj
Clarke, Peter
Dhannyram, Kathleen
Johnson, Alvin
Mayers, Robert
Mohammed, Sita
Mullings, Donovan
Padmore, Winston
Ramkhelawan, Subhas

Dealer

Royal Merchant Bank and Finance Company Limited
Scotiabank and Merchant Bank Trinidad
and Tobago Limited

Investment Adviser

Albert, Christopher
Alliance Capital Markets Limited
Alphom Investments Limited
Bourse Securities Limited
Caribbean Stockbrokers Limited
CLICO Investment Bank Limited
Colonial Life Insurance Company (Trinidad) Limited
Donaldson, Graham Duff
Dynamic Equity Limited
Enterprise Development Limited
Financial Concepts Limited
Funds International Limited
Global Financial Brokers Limited
Integra International Limited
International Investments Brokerage Services
(Trinidad) Limited
Money Managers Limited
Reliance Stockbrokers Limited
Scotiabank and Merchant Bank Trinidad and Tobago
Limited
The Barbados Mutual Life Assurance Society
The Mercantile Banking and Financial Corporation
Limited

Trinidad and Tobago Stocks and Shares Limited
West Indies Stockbrokers Limited

Trader

Fadahunsi, Osu Olayiwola
Gurley, Brendan
Bernard, Judy
Khan, Vanessa
Mullings, Donovan
Ramnath-Singh, Gail
Savary, Hilary

Reporting Issuer

AddVenture Capital Fund Limited
Agostini's Limited
Airports Authority of Trinidad and Tobago
Alstons Limited
Angostura Holdings Limited
Angostura Limited
Ansa Finance and Merchant Bank Limited
ANSA McAL Limited
Barbados Shipping and Trading Company Limited
Berger Paints Trinidad Limited
Caribbean Commercial Bank Limited
Caribbean Communications Network Limited
Caribbean Finance Company Limited
Caroni (1975) Limited
CIBC West Indies Holdings Limited
Citibank (Trinidad and Tobago) Limited
Citicorp Merchant Bank Limited
CLICO Investment Bank Limited
Development Finance Limited
First Citizens Bank Limited
First Citizens Trust and Merchant Bank Limited
Flavorite Foods Limited
Furness Trinidad Limited
Grace, Kennedy and Company Limited
Guardian Holdings Limited
Hotels and Resorts Limited
Intercommercial Bank Limited
L. J. Williams Limited
Lever Brothers (West Indies) Limited

Life of Barbados Limited
Mega Insurance Company Limited
Mora Ven Holdings Limited
National Flour Mills Limited
Neal & Massy Holdings Limited
Point Lisas Industrial Port Development Corporation Limited
Prestige Holdings Limited
Public Transport Service Corporation
RBTT Financial Holdings Limited
Readymix (West Indies) Limited
Republic Bank Limited
Royal Merchant Bank and Finance Company Limited
Scotiabank Trinidad and Tobago Limited
St. Kitts Urban Development Corporation Limited
TCL Holdings Limited
TCL Leasing Limited
TCL Service Limited
The Home Mortgage Bank Limited
The Royal Bank of Trinidad and Tobago Limited
The West Indian Tobacco Company Limited
Trinidad and Tobago Unit Trust Corporation
Trinidad Cement Limited
Trinidad Publishing Company Limited
Urban Development Corporation of Trinidad and Tobago Limited
Valpark Shopping Plaza Limited
Water and Sewerage Authority

Self Regulatory Organisation

The Trinidad and Tobago Stock Exchange Limited

Securities Company

Ansa Finance and Merchant Bank Limited
Bourse Securities Limited
Caribbean Commercial Bank Limited
Caribbean Money Market Brokers Limited
Caribbean Stockbrokers Limited
CLICO Investment Bank Limited
Development Finance Limited
First Citizens Corporate Services Limited
First Citizens Trust and Merchant Bank Limited
Money Managers Limited
Reliance Stockbrokers Limited
Republic Bank Limited
Republic Finance and Merchant Bank Limited
Royal Merchant Bank and Finance Company Limited
Scotiabank Trinidad and Tobago Limited
Scotiitrust and Merchant Bank Trinidad and Tobago

Limited
Trinidad and Tobago Stocks and Shares Limited
West Indies Stockbrokers Limited

Underwriter

Citibank (Trinidad and Tobago) Limited
Citicorp Merchant Bank Limited
CLICO Investment Bank Limited
Development Finance Limited
First Citizens Bank Limited
Republic Finance and Merchant Bank Limited
Royal Merchant Bank and Finance Company Limited
Scotiitrust and Merchant Bank Trinidad and Tobago Limited
The Barbados Mutual Life Assurance Society
The Mercantile Banking and Financial Corporation Limited
Trinidad and Tobago Unit Trust Corporation

Appendix C

Securities Registered by the Trinidad and Tobago Securities and Exchange Commission for the period October 1, 1999 to September 30, 2000

	Issuer	Security Registered	Amount	Effective Date
1	Barbados Shipping and Trading Company Limited	Ordinary shares (Executive stock option plan)	38,428 shares	7/10/99
2	Caribbean Communications Network Limited	Ordinary shares	2,157,025 shares	14/10/99
3	Water and Sewerage Authority	Water and Sewerage Authority South Water Project Government Guaranteed Fixed Rate Bonds due 2019: Interest rate 11.45% Years 2-10 (Interest only for years 2-10) Interest rate 12% Years 11-20	TT\$343 Million	14/10/99
4	Intercommercial Bank Limited	12% Fixed Rate Bonds due 2004	TT\$50 Million	28/10/99
5	Angostura Holdings Limited	Ordinary shares (Stock Split)	137,518,420 shares	11/11/99
6	Republic Bank Limited	Fixed Rate Bonds Int. Rate Term (years) Series A 10.25% 5.25 years Series B 10.25% 5.50 years Series C 10.30% 5.75 years Series D 10.30% 6.00 years Series E 10.35% 6.25 years Series F 10.35% 6.50 years	TT\$300 Million	18/11/99
7	ANSA McAl Limited	Ordinary shares (Executive stock option plan and stock split)	88,917,421 shares	18/11/99
8	The Government of Trinidad and Tobago	Reform Presbyterian Primary School Fixed and Floating Rate Bonds due 2019	TT\$4,170,881	9/12/99
9	Barbados Shipping and Trading Company Limited	Ordinary shares (Bonus Scheme and Executive stock option plan)	355,406 shares	13/01/00
10	First Citizens Bank Limited	Three series of Bonds: Series A 12% Fixed Rate Bonds due 2007 Series B Floating Rate Bonds due 2010; 4% below prime Series C Floating Rate Bonds Floating Rate Bonds due 2015; 3.75% below prime	TT\$300 Million	10/02/00
11	Caribbean Communications Network Limited	Ordinary shares	1,200,000 shares	24/02/00
12	The Home Mortgage Bank	Guaranteed Mortgage Investment Certificates, CMO 2000-01 (prospectus received)	TT\$75,776,546	24/02/00

	Issuer	Security Registered	Amount	Effective Date
13	The Government of Trinidad and Tobago	Government of Trinidad and Tobago 11.4% Fixed Rate Bonds due 2015	TT\$153,439,429	24/02/00
14	Life of Barbados	Common shares (employee bonus payment)	17,029 shares	24/02/00
15	Citicorp Merchant Bank Limited	Certificates of Participation in TT\$152,225,000 Government of Trinidad and Tobago 11% Fixed Rate Bonds due 2014	TT\$240,169,344.52	24/02/00
16	Barbados Shipping and Trading Company Limited	Ordinary shares	900,000 shares	16/03/00
17	Government of Grenada	Government of Grenada Fixed Rate Bonds due 2015 at an interest rate of 9.95% for the first 7.5 years and 7.75% for the subsequent 7.5 years	EC\$26.6 Million	16/03/00
18	Citicorp Merchant Bank Limited	Certificates of Participation in EC\$26.6 Million Government of Grenada Fixed Rate Bonds due 2015	EC\$61,911,500	16/03/00
19	CLICO Investment Bank Limited	Certificates of Participation in US\$10 Million Republic of Trinidad and Tobago 9.875% Notes due 2009 (prospectus received)	US\$19,875,000	6/4/00
20	Guardian Holdings Limited	Ordinary shares (executive share option plan)	300,000 shares	13/4/00
21	National Maintenance Training and Security Company Limited	Government Guaranteed 11.75% Bonds due 2020	TT\$174,082,278	27/4/00
22	Government of Trinidad and Tobago	Government of Trinidad and Tobago Fixed Rate Serial Bonds: Series A 11.15% due 2005 Series B 11.30% due 2010 Series C 11.40% due 2015	TT\$300,000,000	8/5/00
23	Barbados Shipping and Trading Company Limited	Ordinary shares (new issue of shares in part for executive stock option plans)	2,578,964 shares	25/5/00
24	Urban Development Corporation of Trinidad and Tobago Limited	11.42% Fixed Rate Government Guaranteed Bonds due 2020	TT\$150,000,000	15/06/00
25	Trinidad Cement Limited	Ordinary shares (1 for 5.2 rights issue)	40,284,699 shares	15/06/00
26	Caribbean Commercial Bank Limited	Certificates of Interest in Hotels and Resorts Limited US\$6.2 Million Series II 9.75% Fixed Rate Bonds due 2009 (prospectus received)	US\$12,245,000	13/07/00
27	Airports Authority of Trinidad and Tobago	11.65% Fixed Rate Bonds due 2020	TT\$239,000,000	13/07/00
28	Angostura Limited	10.7% Fixed Rate Bonds due 2010	US\$25,000,000	20/07/00
29	Development Finance Limited	Floating Rate Bonds due 2030	TT\$90,000,000	20/07/00

	Issuer	Security Registered	Amount	Effective Date
30	Guardian Holdings Limited	Ordinary shares (Stock Dividend)	62,812,500 shares	20/07/00
31	Scotiabank Trinidad and Tobago Limited	Certificates of Participation in TT\$18 Million Warnerville Grain Mills Limited 18.5% Bonds due 2025	TT\$101,250,000	20/07/00
32	Scotiabank Trinidad and Tobago Limited	Certificates of Participation in US\$10,000,000 Republic of T&T Floating Rate Bonds due 2008 (prospectus received)	US\$19,450,000	27/07/00
33	Government of Trinidad and Tobago	Government of Trinidad and Tobago 11.0% Fixed Rate Bonds due 2010	TT\$91,597,932	17/8/00
34	Government of Trinidad and Tobago	Government of Trinidad and Tobago 11.25% Fixed Rate Bonds 2015	TT\$350,000,000	17/8/00
35	National Maintenance Training and Security Limited	12.25% Fixed Rate Bonds due 2007	TT\$76,800,000	21/9/00
36	Water and Sewerage Authority	11.4% Fixed Rate Bonds due 2020	TT\$330,000,000	28/9/00
37	Barbados Shipping and Trading Company Limited	Ordinary shares (issue of additional shares under ESOP)	41,928	28/9/00
38	Citicorp Merchant Bank Limited	Certificates of Participation in Angostura Limited US\$17,500,000 11.25% Secured Fixed Rate Bonds due 2010	US\$27,844,837.33	28/9/00

Appendix D

List of Prospectuses Received (excluding mutual funds) for the period October 1, 1999 to September 30, 2000

	Company	<i>Securities</i>
1	The Home Mortgage Bank	The Home Mortgage Bank Guaranteed Mortgage Investment Certificates, CMO 2000-01 in the amount of \$75,776,546
2	Hotels and Resorts Limited	US\$15 Million 9% Fixed Rate 10 Year Bonds
3	CLICO Investment Bank Limited	Certificates of Participation in US\$10 Million Republic of Trinidad and Tobago 9.875% Notes
4	Caribbean Commercial Bank Limited	US\$6.2 Million Certificates of Interest in Hotels and Resorts Limited Fixed Rate Bonds
5	Scotiabank Trinidad and Tobago Limited	US\$19,450,000 Certificates of Participation in US\$10,000,000 Republic of Trinidad and Tobago Floating Rate Bonds
6	Citicorp Merchant Bank Limited	US\$27,844,837.33 Certificates of Participation in Angostura Limited US\$17,500,000 11.25% Secured Fixed Rate Bonds due 2010
7	Development Finance Limited	TT\$90,000,000 Secured Floating Rate Bonds

Appendix E

List of Mutual Funds Prospectuses Received for the period October 1, 1999 to September 30, 2000

	Sponsor	<i>Fund</i>	<i>Local Agent</i>	<i>Effective date</i>
1	The Trinidad and Tobago Unit Trust Corporation	US Dollar Money Market Fund	Not applicable	16/3/00
2	The Mutual Funds Incorporated	Mutual Global Balanced Fund	The Barbados Mutual Life Assurance Society	15/6/00
3	Prudential Investments Fund Management LLC	Prumerica Worldwide Investors Portfolio SICAV	Colonial Life Insurance Company (Trinidad) Limited	29/6/00
4	Bank of Nova Scotia Trust Company (Cayman) Limited	Scotiabank's Offshore Mutual Funds	Scotiastrust Merchant Bank Trinidad and Tobago Limited	29/6/00

Appendix F – Revised Fee Schedule

Legal Supplement Part B—Vol. 39, No. 187- 28th September, 2000

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LEGAL NOTICE NO. 225

REPUBLIC OF TRINIDAD AND TOBAGO

THE SECURITIES INDUSTRY ACT, 1995

BY-LAWS

MADE BY THE MINISTER UNDER SECTION 131(1) OF THE
SECURITIES INDUSTRY ACT

THE SECURITIES INDUSTRY (AMENDMENT) BY-LAWS, 2000

1. These By-laws may be cited as the Securities Industry
(Amendment) By-laws, 2000.

Citation

2. Schedule 1 to the Securities Industry By-laws, 1997 is repealed
and the following Schedule is substituted:

Amendment
of Schedule 1
L.N. 102 of 1997

"SCHEDULE 1

{By-law 3}

FEES

1. Registration Fees

(a) Broker	Initial and Renewal	... ..	\$5,000.00
(b) Investment Adviser	"	... ..	\$7,500.00
(c) Dealer in securities	"	... ..	\$5,000.00
(d) Trader in securities	"	... ..	\$5,000.00
(e) Securities companies	"	... ..	\$10,000.00
(f) Underwriter of securities	"	... ..	\$10,000.00
(g) Reporting Issuer	"	... ..	\$5,000.00
(h) Self-regulatory Organisations	"	... ..	.02% of the aggregate dollar value of transactions occurring on the Exchange in each Year .

2. Filing Fees

(a) Filing of Prospectus	... ..	... ..	0.1% of the issue value of the securities covered by the prospectus, sub-ject to a minimum of \$5,000.00 and a maximum of \$35,000.00.
(b) Filing of Registration Statement	... ..	... ..	\$1,000.00

(c) Amendment to the Registration Statement	...	....	...	...	...	\$500.00
(d) De-listing of a security	...	....	...	...	...	\$1,000.00
3. For every extract of a page of the Register, maintained under section 53(4) of the Act, of persons registered with the Commission						\$2.50 per page
4. Inspection of registration statements and information filed therewith.						\$2.50 per page

Dated this 7th day of September, 2000.

B. KUEI TUNG

*Minister of Finance,
Planning and Development*

Laid before the House of Representatives this day of , 2000.

Clerk of the House

Laid before the Senate this day of , 2000.

Clerk of the Senate

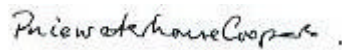
Auditors' Report

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

We have audited the accompanying balance sheet of The Trinidad & Tobago Securities and Exchange Commission as at 30 September 2000, and the related income and expenditure account, changes in government subvention and cash flow statement for the year then ended, as set out on pages 2 to 10. These financial statements are the responsibility of the Commission's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at 30 September 2000 and the results of its operations and its cash flows for the year then ended in accordance with international accounting standards adopted by The Institute of Chartered Accountants of Trinidad and Tobago.


Chartered Accountants
Port of Spain
Trinidad, West Indies
23 November 2000

The Trinidad & Tobago Securities and Exchange Commission

Balance Sheet

		30 Sept. 2000	30 Sept. 1999
ASSETS	Notes	\$	\$
Non-Current Assets			
Equipment and fixtures	2	2,276,056	340,391
Deferred tax asset	3	<u>130,918</u>	<u>39,168</u>
		<u>2,406,974</u>	<u>379,559</u>
Current Assets			
Bank		1,465,227	640,317
Fixed deposits		684,011	635,807
Other assets		<u>3,752</u>	<u>8,525</u>
		<u>2,152,990</u>	<u>1,284,649</u>
Total Assets		<u>4,559,964</u>	<u>1,664,208</u>
Government subvention		<u>3,186,321</u>	<u>384,899</u>
Current Liabilities			
Accrued charges and other liabilities		800,214	398,760
MIS consultancy	4	573,429	573,429
Training consultancy	4	<u>--</u>	<u>307,120</u>
		<u>1,373,643</u>	<u>1,279,309</u>
Total Government Subvention and Liabilities		<u>4,559,964</u>	<u>1,664,208</u>

The accounting policies on pages 6 to 7 and the notes on pages 8 to 10 form an integral part of these financial statements.

 Commissioner  Commissioner

 Chairman

The Trinidad & Tobago Securities and Exchange Commission

Income and Expenditure Account

	Note	12 Months 30.09.2000 \$	9 Months 30.09.1999 \$
Income			
Registration fees		41,560	39,250
Interest		162,458	49,780
Gain on disposals		276	--
Other income		<u>340</u>	<u>--</u>
		204,634	89,030
Expenses			
Administration		(354,011)	(250,594)
Finance		(2,723)	(1,258)
Operating		<u>(4,810,275)</u>	<u>(2,530,648)</u>
		(5,167,009)	(2,782,500)
Deficit Before Taxation		(4,962,375)	(2,693,470)
Tax Credit/(Charge)	5	<u>91,750</u>	<u>(61,799)</u>
Net Deficit		<u>(4,870,625)</u>	<u>(2,755,269)</u>

The accounting policies on pages 6 to 7 and the notes on pages 8 to 10 form an integral part of these financial statements.

The Trinidad & Tobago Securities and Exchange Commission

Statement of Changes in Government Subvention

	12 Months Ended 30.09.2000	9 Months Ended 30.09.1999
	\$	\$
Balance at beginning of period	384,899	372,168
Net deficit for period	(4,870,625)	(2,755,269)
Subvention receipts from Government of Trinidad & Tobago	<u>7,672,047</u>	<u>2,768,000</u>
Balance at end of period	<u>3,186,321</u>	<u>384,899</u>

The accounting policies on pages 6 to 7 and the notes on pages 8 to 10 form an integral part of these financial statements.

The Trinidad & Tobago Securities and Exchange Commission

Cash Flow Statement

	12 Months Ended 30.09.2000 \$	9 Months Ended 30.09.1999 \$
Operating Activities		
Deficit before taxation	(4,962,375)	(2,693,470)
Adjustment to reconcile deficit to net cash from operating activities:		
Depreciation	130,260	65,418
Gain on disposal of office equipment	(276)	--
Net change in operating assets and liabilities	<u>99,104</u>	<u>135,354</u>
Net Cash Outflow From Operating Activities	<u>(4,733,287)</u>	<u>(2,492,698)</u>
Investing Activities		
Purchase of equipment and fixtures	(2,073,946)	(176,568)
Disposals of equipment and fixtures	<u>8,300</u>	<u>--</u>
Net Cash Outflow From Investing Activities	<u>(2,065,646)</u>	<u>(176,568)</u>
Financing Activity		
Proceeds from government subvention	<u>7,672,047</u>	<u>2,768,000</u>
	<u>873,114</u>	<u>98,734</u>
Increase In Cash And Cash Equivalents		
Cash and Cash Equivalents		
At beginning of year	1,276,124	1,177,390
Increase	<u>873,114</u>	<u>98,734</u>
End of year	<u>2,149,238</u>	<u>1,276,124</u>
Represented By:		
Cash	1,465,227	640,317
Fixed deposits	<u>684,011</u>	<u>635,807</u>
	<u>2,149,238</u>	<u>1,276,124</u>

The accounting policies on pages 64 to 65 and the notes on pages 66 to 68 form an integral part of these financial statements.

The Trinidad & Tobago Securities and Exchange Commission

Accounting Policies

30 September 2000

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a Basis of preparation

The financial statements are prepared in accordance with and comply with International Accounting Standards. These financial statements are prepared under the historical cost convention.

b Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income and expenditure account. Such balances are translated at year-end exchange rates.

c Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, other assets and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

d Equipment

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

Office equipment	- 10 % - 25%
Computer equipment	- 25%
Fixtures and fittings	- 10%

Gains and losses on disposal of equipment are determined by comparing proceeds with carrying amounts and are included in operating profit.

e Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and fixed deposits held at banks.

Accounting Policies (Continued)

f Pension

The Commission does not operate a pension scheme and has no contractual obligation to pay pensions. However, payments are made to the government pension scheme for seconded officers of the Commission.

g 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 carryforward 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.

h Revenue recognition

Income is recognised upon receipt of fees. Interest income is recognised as it accrues to the Commission.

i 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.

The Trinidad & Tobago Securities and Exchange Commission

Notes To The Financial Statements

30 September 2000

1 Incorporation And Principal Activity

The Trinidad and 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.

2 Equipment And Fixtures

	Office Equipment \$	Computer Equipment \$	Fixtures and Fittings \$	Total \$
Year ended 30 September 2000				
Opening net book amount	158,681	149,855	31,855	340,391
Additions	422,959	1,259,492	391,495	2,073,946
Disposals	(8,022)	--	--	(8,022)
Depreciation	<u>(35,367)</u>	<u>(80,462)</u>	<u>(14,430)</u>	<u>(130,259)</u>
Closing net book amount	<u>538,251</u>	<u>1,328,885</u>	<u>408,920</u>	<u>2,276,056</u>

At 30 September 2000

Cost	614,516	1,479,803	425,323	2,519,642
Accumulated depreciation	<u>(76,265)</u>	<u>(150,918)</u>	<u>(16,403)</u>	<u>(243,586)</u>
Net book amount	<u>538,251</u>	<u>1,328,885</u>	<u>408,920</u>	<u>2,276,056</u>

MIS Hardware/Software

The commission entered an agreement with Infotech Associates Limited for the supply, delivery and installation of computer Hardware, Software and Telecommunications Platform.

Funds were related by the Government of Trinidad and Tobago to meet these contractual obligations for the acquisition and implementation of a new Management Information System. The MIS contract identified costs in four major categories (1) Computer Hardware (2) Computer Software (3) Infrastructure Services (4) Development Services.

	2000 \$	1999 \$
Opening amount	39,168	100,967
Income statement credit/(charge)	22,417	(61,799)
Prior year overprovision	<u>69,333</u>	<u>--</u>
Closing amount	<u>130,918</u>	<u>39,168</u>

The Trinidad & Tobago Securities and Exchange Commission

Notes To The Financial Statements

30 September 2000

3 Deferred Tax Asset (Continued)

The movement in deferred tax assets and liabilities during the period is as follows:

	Balance as at 1.10.99	Current Year (Charge)/Credit	Prior Year Over Provision	Balance as at 30.09.00
	\$	\$	\$	\$
Deferred tax liability				
Accelerated tax depreciation	(78,807)	(72,314)	50,713	(100,408)
Deferred tax asset				
Tax losses	117,975	94,731	18,620	231,326
	<u>39,168</u>	<u>22,417</u>	<u>69,333</u>	<u>130,918</u>

4 MIS and Training Consultancy

Funds were provided by the Government of Trinidad and Tobago to meet consulting services for the training and implementation of a new Management Information System.

MIS Consultancy	2000	1999
	\$	\$
Balance at beginning of period	573,429	901,629
Payments	<u>--</u>	<u>(328,200)</u>
Balance at end of period	<u>573,429</u>	<u>573,429</u>
Training Consultancy		
Balance at beginning of period	307,120	--
Receipts for the year	--	1,234,225
Payments	<u>(307,120)</u>	<u>(927,105)</u>
Balance at end of period	<u>--</u>	<u>307,120</u>

The Trinidad & Tobago Securities and Exchange Commission

Notes To The Financial Statements

30 September 2000

5 Taxation	2000	1999
	\$	\$
Current tax	--	--
Deferred tax credit/(charge)	22,417	(61,799)
Prior year overprovision	<u>69,333</u>	<u>--</u>
	<u>91,750</u>	<u>(61,799)</u>

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

Loss before taxation	<u>(4,962,375)</u>	<u>(2,693,470)</u>
Corporation tax at the statutory rate of 35%	(1,736,831)	(942,715)
Expenses not deductible for tax purposes	1,737,168	1,004,514
Other allowances	(22,754)	--
Prior year over provision	<u>(69,333)</u>	<u>--</u>
Current tax (credit)/charge	<u>(91,750)</u>	<u>61,799</u>

- b) The Commission is required to pay Business Levy at 0.33% of total revenue if it exceeds \$150,000 in the year of income. Business Levy only takes effect when it exceeds the current corporation tax liability.

6 Contingent Liabilities

The Commission is currently the defendant in a litigation claim made by a former employee, relating to wrongful dismissal. Special damages amounting to \$91,650 has been claimed by the plaintiff. In the opinion of the commissioners, the termination of employment was justified.

7 Financial Instruments

(i) Credit risk

The Commission has no significant concentration of credit risk.

(ii) Fair values

The carrying amount of the following financial assets and liabilities approximate to their value: cash, other assets and payables.

The Trinidad & Tobago Securities and Exchange Commission

Additional Information

	2000 \$	1999 \$
Administrative Expenses		
Audit fee	22,293	10,178
Commissioners' fee	246,600	190,800
Legal and professional fees	<u>85,118</u>	<u>49,616</u>
	<u>354,011</u>	<u>250,594</u>
Finance Expenses		
Bank service charges	<u>2,723</u>	<u>1,258</u>
Operating Expenses		
Advertising	37,446	26,256
Computer	143,619	8,059
Depreciation	130,260	65,418
Electricity	27,700	31,674
Entertainment	2,750	--
Gratuity	320,388	210,540
Insurance	10,337	4,967
Janitorial	32,722	34,167
Journals	28,374	17,955
Library	78,168	59,524
Sundries	21,800	7,547
Office repairs	1,083	4,923
Office supplies	121,419	72,035
Overseas travel	54,338	79,902
Pension contributions	224,031	--
Postage and delivery	5,310	2,579
Printing and reproduction	45,580	41,392
Relocation	16,277	--
Remodelling	137,586	--
Rent	529,983	192,230
Repairs	6,499	4,002
Salaries and national insurance	2,451,962	1,510,093
Security	4,370	3,738
Seminars	82,740	14,803
Subscription	43,324	53,800
Telephone	122,183	80,890
Training	<u>130,026</u>	<u>4,154</u>
	<u>4,810,275</u>	<u>2,530,648</u>

For Additional Copies of this report, write to:

**Trinidad and Tobago Securities and Exchange Commission
12th Floor, Central Bank Tower, Eric Williams Plaza
Independence Square, Port of Spain
Trinidad, West Indies**

Telephone: (868) 624-2991/3017/6708; 625-8508

Facsimile: (868) 624- 2995

Email: ttsec@ttsec.gov.tt

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 Director of Market Regulation and Surveillance by mail, facsimile or telephone or at the addresses or numbers listed above.