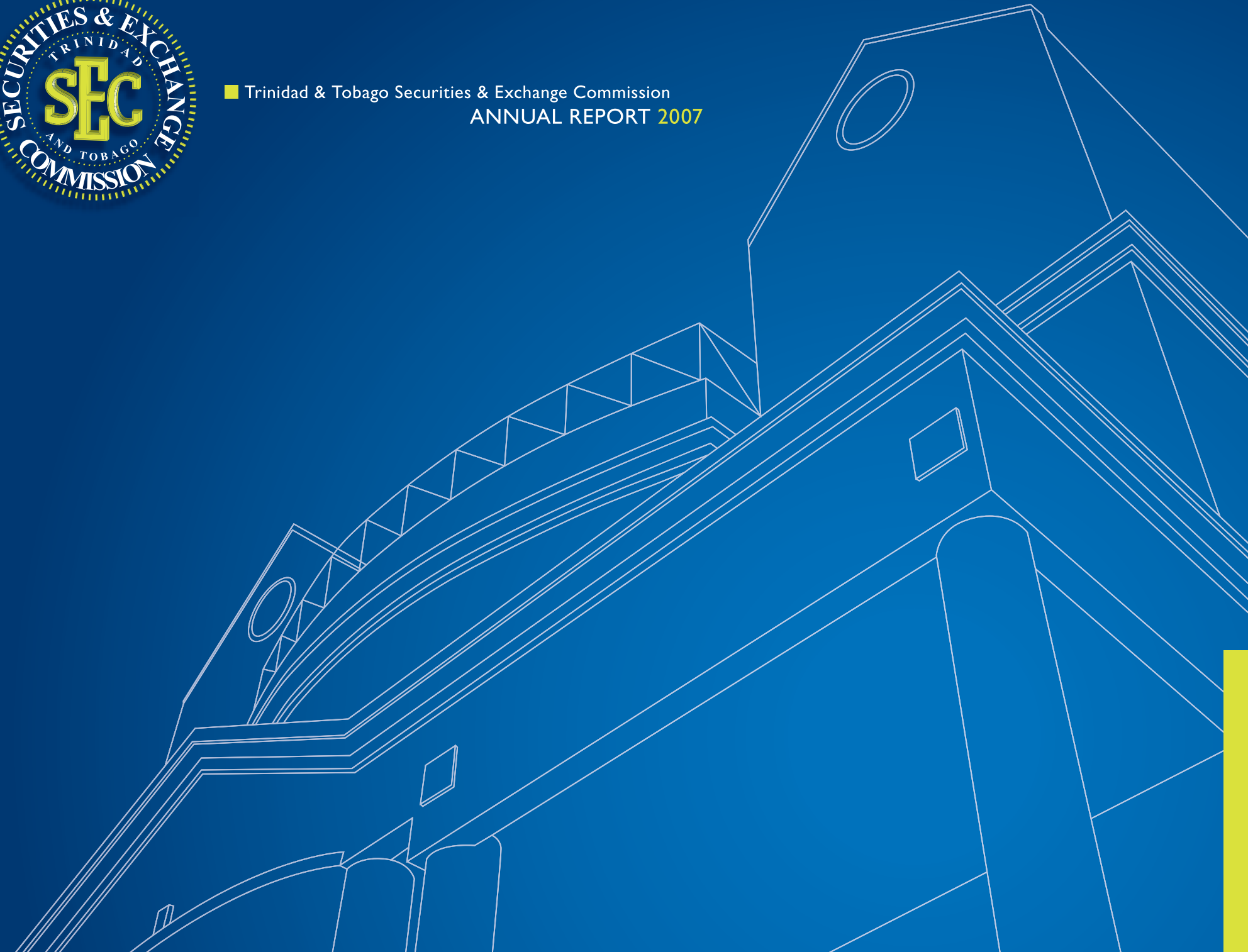




■ Trinidad & Tobago Securities & Exchange Commission  
ANNUAL REPORT 2007



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## ■ OUR VISION

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

## ■ OUR MISSION

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





## ■ LETTER OF TRANSMITTAL

January 31st, 2008

The Honourable Karen Nunez-Tesheira  
Minister of Finance  
Eric Williams Finance Building  
Independence Square  
PORT OF SPAIN

Dear Honourable Minister,

In accordance with the provisions of Section 20(1) of the Securities Industry Act, 1995, I submit the Annual Report of the Trinidad and Tobago Securities and Exchange Commission for the financial year ended September 30th, 2007 together with a copy of the Annual Audited Statement of Accounts certified by the auditors.

I would be grateful if you could advise me when the report is laid in Parliament, as the Act requires that copies be made available to the public after it has been so laid.

Yours faithfully,

OSBORNE NURSE  
Chairman

## ■ FUNCTIONS OF THE COMMISSION

**The Trinidad and Tobago Securities and Exchange Commission (the Commission) was established by the Securities Industry Act, 1995 (the Act).**

It is an autonomous body whose role is to provide for the regulation of the securities market in Trinidad and Tobago and for related matters. The main functions of the Commission are outlined in Section 5 of the Act as follows:

- Advise the Minister of Finance on all matters relating to the securities industry;
- Maintain surveillance over the securities market and ensure orderly, fair and equitable dealings in securities;
- Register, authorize or regulate in accordance with the Act, self-regulatory organizations, securities companies, brokers, dealers, traders, underwriters, issuers and investment advisers, and control and supervise their activities with a view to maintaining proper standards of conduct and professionalism in the securities business;
- Protect the integrity of the securities market against any abuses arising from the practice of insider trading;
- Create and promote such conditions in the securities market as may seem to it necessary, advisable, or appropriate to ensure the orderly growth and development of the capital market.



Vishnu Dhanpaul, Commissioner | Osborne Nurse, Chairman |  
Janice Clarence-Quamina, Commissioner | Dr. Shelton Nicholls, Commissioner |  
Francis Lewis, Commissioner

▼ From left to right



## ■ MESSAGE FROM THE CHAIRMAN

**The year ended September 30, 2007 presented a new range of challenges to the Commission, especially in respect of a number of new developments in the market against the background of a stock market that continued to decline, year on year, despite one or two instances of small, but temporary appearances of recovery.**

Osborne Nurse  
Chairman ▼



### MARKET DEVELOPMENTS

The year ended with the Composite Index showing a small improvement having risen from 868.78 in September 2006 to 936.57 in September 2007, an increase of approximately 8 percent. While this improvement may be encouraging, it is in fact, in part the result of some speculative trading in the months of November and December 2006. Much of this speculation surrounded consistent rumours about a possible sale of RBTT Financial Holdings Limited to one of a number of potential suitors.

As it emerged, at the very end of the financial year, RBTT Financial Holdings did make an announcement that the Board had accepted an offer by the Royal Bank of Canada to merge the Caribbean operations of RBC with RBTT Holdings by way of a merger by amalgamation.

This development serves to ensure that the Commission will continue to be engaged in cross border transactions in the new year as it has been engaged in the year under review.

During the year under review, the Commission oversaw the completion of the acquisition by CIBC (Cayman) Limited of a 92 percent

stake in First Caribbean International Bank consequent on the decision by Barclays Bank to sell its stake to CIBC, and the subsequent execution of a public offer on the same terms as those offered to Barclays Bank. This transaction is virtually complete except for certain residual matters concerning the remaining minority dissenting shareholders.

In May 2007, Neal and Massy Limited (N&M) made an offer to the shareholders of the Barbados Shipping and Trading Company (BS&T) to enter into a merger of that company with Neal and Massy by way of an amalgamation. Although the shareholders of Neal and Massy agreed to the proposed transaction, the shareholders of BS&T never had the opportunity to consider the proposal because of an intervention, through the Courts of Barbados, by certain shareholders. In the event another offeror, Ansa McAl Holdings Company Limited (AMCL), entered a hostile bid for the BS&T shares, to which Neal and Massy responded by cancelling the proposal to merge by amalgamation and entering into competitive bidding against AMCL.

The process of the competitive bidding led

to the increase of the value of the proposed consideration from approximately \$5.50 Barbados dollars per share to BDS\$10.00 per share. At the end of the financial year the outstanding offers were BDS\$10.00 by AMCL and BDS\$8.50 by N&M.

Shortly after the close of the year, certain developments occurred in respect of these offers that led the Barbados Securities Commission to make an application to the Court to have these matters determined. Those matters are yet to be resolved.

## REGULATION

The Commission continued its focus on the three principal areas involved in the active regulation of the market - the development of the legal and regulatory framework, the monitoring of market activity and behaviour, as well as the conduct of investigative and enforcement actions.

### (a) Securities Legislation

Having submitted its Draft for a new Securities Industry Act to the Minister of Finance, the Commission focused its attention on further developing the legal environment by undertaking the preparation and issuance of a number of Guidelines for the purpose of regulating the market. Guidelines were prepared or were in the process of being completed in the following areas:

1. Guidelines on Capital Requirements for Underwriters, issued 2007
2. Guidelines for Share Repurchases, issued 2007

3. Guidelines for the Registration of Securities Companies and Brokers in GORTT Bonds, issued 2007
4. Prospectus Guidelines for Public Offerings, issued February 13, 2002

The following Guidelines are being finalized for issue during the course of the 2007/2008 financial year:

1. Draft Collective Investment Scheme Guidelines – Final Market Consultation and Review in 2007
2. Draft Insider Reporting Guidelines
3. Draft Guidelines for Repurchase Agreements (REPOS)
4. Draft Guidelines for Structured Products
5. Draft Guidelines on AML/CFT
6. Draft Guidelines on Employee and Management Stock Ownership Plans (ESOPS/MSOPS)

The Commission will continue to use the mechanism of Guidelines which have been discussed by market participants as a key element in the effort to keep abreast of market developments while awaiting the formal adoption of such Guidelines as By Laws.

The Commission has also submitted for the approval of the Minister, a comprehensive set of rules to govern its hearing and settlement procedures.

### (b) Market Surveillance and Analysis

The Commission has continued development of its Securities Market Watch module which enhances its capacity to monitor trading on the market. The implementation of this module has reduced significantly the time that is required to determine the elements of any trading pattern that may be of interest. This has allowed the Commission to redirect resources that were previously heavily consumed in collecting the data, to concentrate on the analysis of patterns and the discernment of patterns that might be considered unusual.

Further developments that are being introduced will provide for a more automated mechanism of alerts reflecting unusual patterns of trading that may be occurring.

The SMW is part of the Commission's wider system for online analysis of market and of economic data. Consequently, work is also in progress in developing a Collective Investment Vehicle Monitor which will provide industry analysts and participants with up to date information about the growth, structure and development of the CIV industry in Trinidad and Tobago. To ensure the viability of the CIV Monitor participants have been requested to submit certain monthly reports on CIV performance and the Commission working jointly with them to better automate the submission of data.

These mechanisms contribute significantly to the Commission's ability to monitor

market trends, activities and behaviour and to efficiently target its enforcement actions in support of maintaining the integrity of the entire system.

**(c) Investigations and Enforcement**

In the past year, the Commission initiated two formal investigations and began enforcement action in a number of cases related to the failure of registrants to file their required annual and semi-annual reports within the specified time. The Commission wishes to advise registrants that the failure to file annual and semi-annual reports within the specified times constitutes a contravention of the Act and that it will actively pursue enforcement action against such contraventions in the coming months.

**ORGANIZATIONAL DEVELOPMENTS AND INSTITUTIONAL STRENGTHENING**

During the past year, the Commission again experienced one of its cycles of management change as several senior officers departed to further their careers elsewhere in the industry. This has become a regular challenge for the Commission which is unable to compete effectively with private industry participants which can offer superior compensation packages.

Notwithstanding the competitive challenges, the Commission was able towards the end of the year to attract four new senior officers who have enthusiastically embraced the unique career challenge and opportunity that is offered.

**GOVERNANCE**

The Commission operated with a complement of six Commissioners for the greater part of the year, thereby facilitating the discharge of much of its agenda within planned timeframes. The term of office of Dr. Shelton Nicholls expired during the year, but he was reappointed for a further three year term ending July 2010.

**ACKNOWLEDGEMENT**

Finally, I wish to thank my fellow Commissioners and the staff of the Commission for their support, diligence and dedication to the work of the Commission. None of the many achievements of the Commission would be possible without their efforts. I am grateful to all who have contributed and expect to make comparable demands of them in the years ahead.



OSBORNE NURSE  
Chairman



# MARKET DEVELOPMENTS

Following an extended period of virtually unmitigated decline, the performance of the domestic stock market improved marginally in the year to September 2007. Beginning in July 2005, the market entered a period of sustained decline that saw the Composite Price Index fall by a cumulative 13 percent over the subsequent 24 months. However, in the period under review the Index posted a gain of 7.8 percent although the improvement occurred mainly in the first three and a half months of this period when the Index rose by 13.4 percent before resuming its declining trend. Prices began to firm again in July resulting in the modest gain noted for the period as a whole.

The moderate strengthening observed in the market in the reporting period was also reflected in an increase of \$8.36 billion or 9.9 percent in market capitalization, the increase in prices being accompanied by a 39 percent rise in the volume of traded shares.

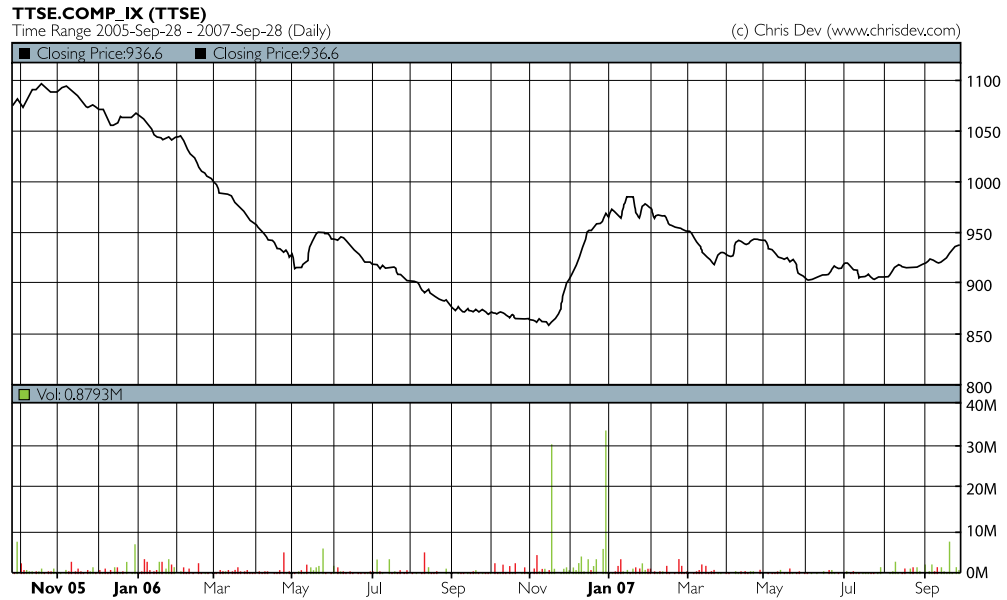
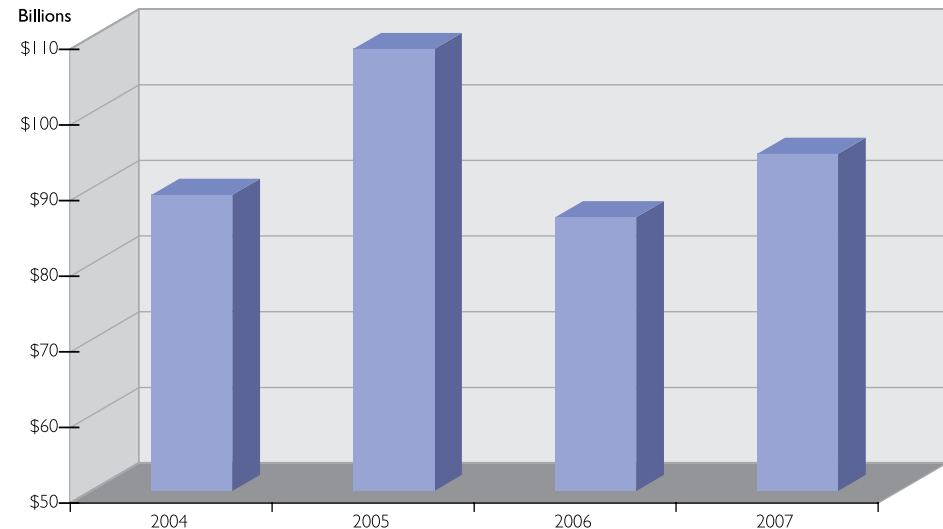


Figure 1: Market Capitalization Sept 2004 to Sept 2007

TTSE Market Cap	
Sep-04	\$88,918,000,000
Sep-05	\$108,463,000,000
Sep-06	\$84,230,000,000
Sep-07	\$92,765,000,000



Source: Trinidad and Tobago Stock Exchange

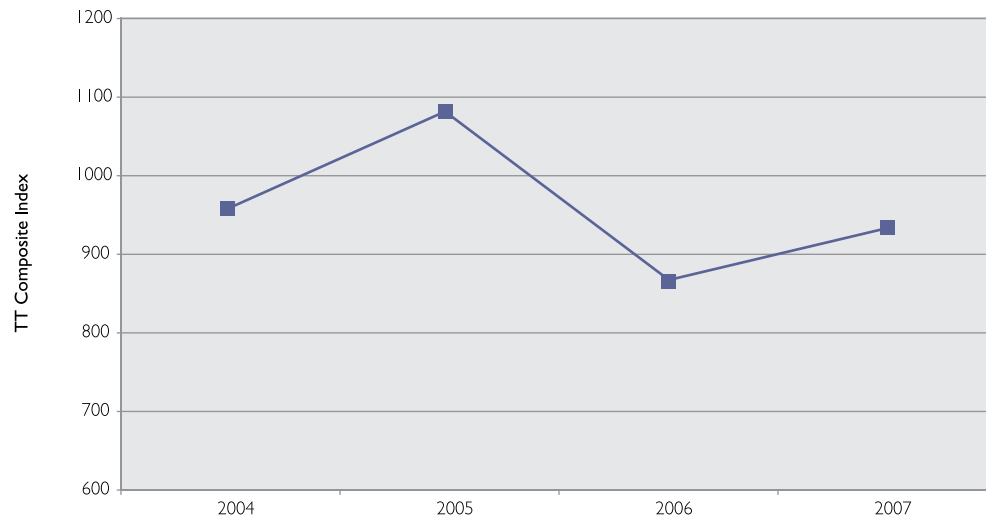


Figure 2: Trinidad and Tobago Composite Index

Composite Index
Sep-04
964.667
Sep-05
1082.86
Sep-06
868.78
Sep-07
963.57

Source: Trinidad and Tobago Stock Exchange

In September 2007 Parliament approved the Insurance (Amendment) Bill 2007 which provided, inter alia, for revision of the limit on investment in equities by registered pension funds. The revision made it possible for well-funded pension plans meeting certain criteria to increase their investment in equities to as much as 70 percent of the total accepted value of their liabilities. It would be recalled that the onset of the downturn in 2005 had occurred in the context of regulatory moves to ensure compliance by pension plans with prudential limits on their holding of equities. Nevertheless, by the end of the Commission's year it remained unclear what impact the 2007 Amendment might have had on the performance of the market.

The slight upturn in the composite index seems to suggest that by now institutional investors; namely insurance and pension funds, have had sufficient time to adjust their portfolios to prudential norms as prescribed

by the Inspector of Financial Institutions. However, the performance of the market has not been sufficiently sustained to support this assumption or to look forward to substantial growth in the coming financial year.

The uncertain performance of the market in the period under review was also out of line with the growth of the economy, estimated to be in the range of 4-5 percent for 2007. While overall economic growth slowed compared with the previous year, non-energy sector growth remained vibrant at close to 7 percent, fuelled by hectic activity in construction, distribution and manufacturing.

However, other macroeconomic factors may have complicated the market's recovery, in particular the high inflation rate which led the Central Bank to tighten monetary policy and consequently raise interest rates. On a year-on-year basis inflation during the review period peaked at the double-digit rate of

10.2 percent in October 2006 and, although moderating thereafter, remained above the 7 percent threshold for the rest of the period. Monetary policy responded to these developments by intensifying open market operations and by issuing government bonds to reduce liquidity in the financial system. Interest rates rose appreciably as a result, including the risk-free treasury bill rate which closed the period at 7 percent.

Within the region the Jamaican stock market also exhibited a trend similar to its local counterpart. The JSE Composite Index rallied from a decline of 16.23 percent in 2006 to increase by 13.19 percent in the period ending September 30th 2007. On the other hand in Barbados' local index continued its sluggish performance rallying weakly to post an increase of 0.74 percent in 2007 after declining by 3.83 percent in the previous period.

## ■ MANAGEMENT DISCUSSION

As the regulatory agency for the Securities Industry, the TTSEC's primary objective is to protect the investor, promote integrity and transparency and foster the development of the capital market by administering the Securities Industry Act. The Commission seeks to fulfill its mandate in this respect in a number of different ways, including:

- Developing and delivering programmes of investor education
- Registering market actors and securities intended for distribution to the public
- Enforcing a regime of public disclosure of material change and regular financial information by issuers of securities
- Ensuring that securities firms have capital that is adequate to the type and level of business they conduct
- Monitoring market developments and behavior as well as managing complaints
- Implementing a robust legislative framework

### DEVELOPING AND DELIVERING PROGRAMMES OF INVESTOR EDUCATION

The protection of investors lies at the heart of the Commission's mandate. The Commission has placed at the centre of its strategy for delivering on this objective a vigorous programme of information dissemination

and investor education aimed at developing a more informed investor and at equipping investors with the tools and working knowledge they need to make decisions in their own best interests. From a broader perspective the Commission subscribes to the view that informed market participants also help to create a more competitive and efficient market by forcing providers to respond to the more sophisticated demands of knowledgeable consumers.

During the fiscal year the Commission's investor education programme focused on providing introductions to popular investment instruments including stocks, bonds and mutual funds and included a special focus on assessing risks associated with various investment vehicles. The programme also placed emphasis on informing the public of their rights and responsibilities as investors and highlighted measures for protecting themselves from fraud and other abuses. The primary targets of the education programme in FY2007 were sixth-form secondary school students, young adults, adults in the workplace and retirees. By December 2007 the Commission had conducted a total of fourteen group outreach sessions, reaching over 500 current and potential investors in the process.

The Commission also participated in the development of the National Financial Literacy Programme that is managed by the Central Bank by sitting as a member of the NFLP

Sector Committee and providing materials for the National Outreach Educational Programme.

Recognizing that the proper functioning of market actors is also an important part of providing protection to investors, the unit has also incorporated into its investor education programme a series of conferences, seminars and workshops for market actors. The gist of these activities centres around the Commission's intent to implement the new Guidelines that it has developed. In 2007, these activities focused on encouraging market acceptance and compliance with the Collective Investment Scheme Guidelines.

### Website

The Commission's website was redesigned in 2006 and now plays a vital part in its investor and public education programme and in presenting the image of the Commission to the general public.

The website is a dynamic database driven system with an improved information architecture allowing visitors to review studies and detailed TTSEC reports on the local capital market, search the database of individuals and companies registered with the TTSEC, as well as browse all securities registered by the Commission, including equities, debt instruments and collective investment schemes.



▲ From left to right, back to front

Kurt Headley - Director Disclosure, Registration & Corporate Finance | Osborne Nurse - Chairman & CEO  
Charles de Silva - Deputy General Manager | Susan Francois - General Counsel | Lystra Lucillio - Director  
Information Management | Hazel Ramsingh-Persad - Director Corporate Services | Arlene Stephen - Manager  
Communications



More recently the website has been enhanced by the addition of a special investor resources module that presents the material that was presented at the Commission's investor education seminars. This section provides an overview of the Investor Education Programme with links to documents, speeches and presentations delivered during the programme.

## REGISTERING MARKET ACTORS AND SECURITIES INTENDED FOR DISTRIBUTION TO THE PUBLIC

The registration process serves as the primary mechanism by which the Commission ensures that market actors satisfy the required fit and proper standards and that securities offered to the public fulfil adequate reporting and disclosure requirements in accordance with the Act.

### Registration of Market Actors and Participants

Following an unusually large increase of 14 in the total number of market participants registered by the Commission in FY 2006, the number of registrants increased by three from 186 to 189 in FY 2007, the net result of additional registrations of brokers (3) traders(2) and reporting issuers (3), and a decline in the number of registered investment advisors from 30 to 25. While the reasons for this latter development are not clear, it is possible that the provision of investment advisory services as a stand-alone activity may have become relatively unattractive in the context of continued market weakness and given that these services can be provided

under other forms of registration that would allow registrants to benefit from other sources of earnings.

### Registration of Securities

During the last financial year 55 securities were registered representing a decline of 24 securities from the previous year's total of 79. The total value of securities registered with the Commission for the year was approximately \$TT6.9 billion. The decline was largely reflective of a fall in the number of equity issues, of which only 28 were registered, compared with 48 in the previous year. As has been the case in the past, most of the equity issues registered related to management or employee option plans.

There were also fewer debt and derivative securities being registered during the reporting period, the number declining to 19 from 23 in the previous year. By contrast, the number of mutual funds registered during the period rose to 11 compared with 8 in the previous year.

#### a) Equity Issues

For the period October 2006 to September 2007 the Commission registered 28 new equity issues in respect of 77,396,194 shares with an estimated value of \$1.04 billion. These consisted of ordinary and preference shares issued pursuant to Bonus Schemes (1), Employee Share Ownership Plans (5), Management Share Ownership Plans (19), Mergers and Acquisitions (1) and General Capital Raising by a venture capitalist (2).

#### I. Issues Pursuant to Stock Ownership/Option Plans

As in previous years, the majority of equities registered by the Commission - 24 out of 28 in this reporting period - were issued pursuant to stock compensation plans. The total number of shares issued was 2,484,222 with a value of approximately \$27.7 million.

#### II. Mergers and Acquisitions

During the financial year there was additional activity relating to mergers and acquisitions. During the first quarter, the Canadian Imperial Bank of Commerce (CIBC) completed its acquisition of some 92 percent of the shares of First Caribbean International Bank (FCIB), which was registered in Barbados but listed in Trinidad and Tobago as well as in Jamaica. This acquisition emerged as a result of the principal partners in FCIB (CIBC and Barclays Bank) agreeing to the sale of Barclays' 43 percent interest in the institution to CIBC, and to the public offer that was made consequent to that agreement and sale. At the end of the public offer, CIBC had acquired some 92 percent of the bank and was engaged in the necessary legal processes to deal with certain dissenting minority interests.

During the third quarter of the financial period Neal and Massy Holdings Limited of Trinidad attempted to conclude a merger by amalgamation with the Barbados Shipping and Trading Company. In pursuit of this



merger, Neal and Massy registered some 21 million shares valued at \$TT957 million for use as part of the consideration for the acquisition of BS&T shares in the merger. The merger was valued at approximately 425 million Barbados dollars or \$TT1.3 billion. The offer was valued at approximately \$5.75 Barbados dollars per share.

The proposed merger was approved by the shareholders of Neal and Massy, but was never put for a vote by BS&T shareholders on account of legal action taken by certain BS&T shareholders who held the view that insufficient information regarding the valuation of the company had been provided. The resultant court hearing determined that a small team would be allowed access to further undisclosed data with a view to satisfying the requests of the litigating shareholders.

A second Trinidad and Tobago based offeror, Ansa McAl Holdings Group, sought to take advantage of these developments to make a hostile bid for the BS&T shares. This led to a period of competitive bidding that saw the offers rise to \$8.50 (Barbados) by Neal and Massy and \$10.00 (Barbados) by Ansa McAl. Shortly after the close of the financial year in September, a number of actions took place by the two offerors resulting in Neal and Massy purporting to tender certain shares that it had already owned into the higher Ansa McAl offer, the purported withdrawal of its offer by Ansa McAl, and the attempts by Neal and Massy to complete the acquisition following the withdrawal of McAl.

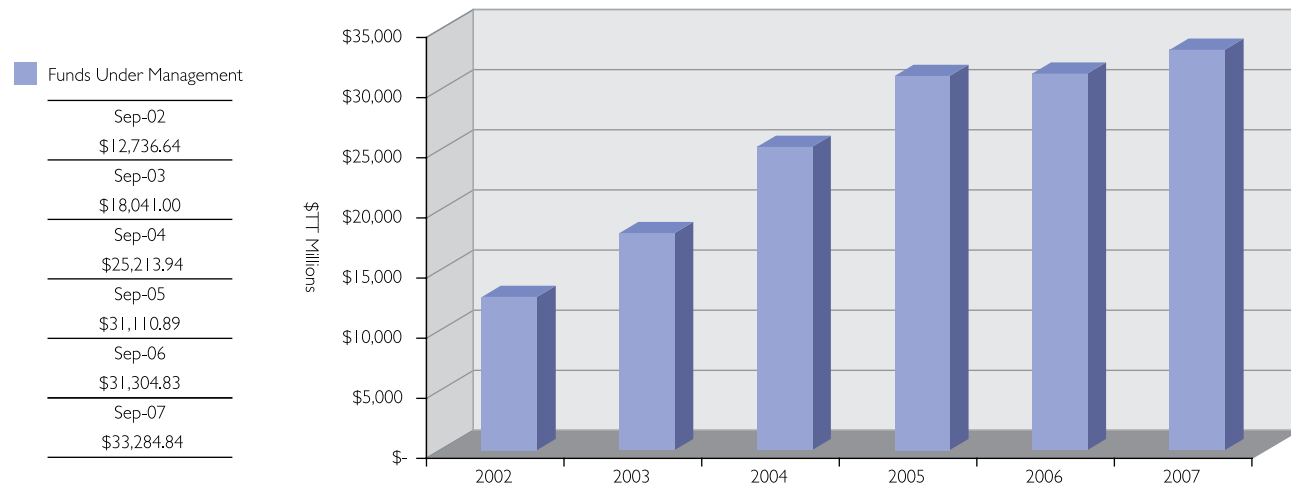
These developments caused the Barbados Securities Commission to initiate legal action in which it is seeking certain determinations by the Barbados High Court. This matter is as

yet unresolved.

Around the close of the financial year the Royal Bank of Canada (RBC) and the RBTT Financial Group (RBTT) announced an agreement to combine RBC's Caribbean retail banking operations with RBTT's, through the acquisition of RBTT for a total purchase price of TT\$13.8 billion (approximately US\$2.2 billion). The Commission is engaged in receiving and reviewing the documents relating to the transaction.

**b) Mutual Funds**

Mutual funds continued to be one of the most dynamic areas of institutional growth within the domestic capital market in FY 2007. A total of 11 new funds were registered by the Commission on the basis of 10 prospectuses received and receipted by the Commission. The growing internationalization of the mutual funds market was underscored by the fact that



Source: Trinidad and Tobago Central Bank

6 of the 11 funds registered were foreign, originating in Australia, Barbados and the Cayman Islands. Mutual funds are also beginning to provide investors interested in diversification with a growing range of currency options. Funds registered during the period were denominated in three different currencies, namely the US dollar (6), the TT dollar (4) and the Australian dollar (1).

The Mutual Fund market now comprises 294 funds, of which 55 are domestic and 239 are foreign. A number of the domestic funds are now being designed to allow investors the opportunity to invest in foreign markets, particularly in emerging markets. These opportunities have developed in part as a response to the sluggishness of the local market, but it still remains to be seen how these funds will perform in the long run, particularly given global developments in which the US economy is widely expected to suffer a recession in 2008, with unknown potential implications for all other international markets.

At the end of the financial year, funds under management in domestically issued mutual funds totalled TT\$34 billion, having grown by approximately \$1.98 billion over the previous year. Savings in mutual funds of all types are now equivalent to 75.8 percent of savings in bank deposits.

#### c) Debt and Derivative Debt Securities

Thirteen debt issues with an aggregate value of \$6.2 billion were registered during the last fiscal period by the Commission. Of these 13 issues, three were U.S dollar

denominated with a combined value of US\$488.4 million (TT\$3.07 billion). The total value of debt issues registered in Trinidad and Tobago showed an increase relative to the previous period when \$5.27 billion in debt was registered.

Consistent with previous years domestic statutory bodies and state enterprises were among the major issuers of debt securities, accounting for 6 out of the 13 debt issues registered. The largest debt registrant was the Government of Trinidad and Tobago who registered three issues totalling \$2 billion. The largest was an issue of \$1 billion, which occurred in May 2007. The remaining registrants were all locally domiciled private sector companies who registered securities to an aggregate value of \$3.33 billion, including an issue valued at \$295 million by Ansa McAl in pursuit of its attempted takeover of BS&T.

Only three derivative securities valued at \$603 million were registered in the period, all of which were denominated in Trinidad and Tobago dollars. This represented a decline from the previous period where \$1.8 billion in derivative securities were registered.

### MONITORING MARKET DEVELOPMENTS AND BEHAVIOUR

In the wake of its adoption of Securities Market Watch (SMW) in the last period, the Commission is continuing to build and refine its capacity for electronic surveillance of the market. The Commission is enhancing its market monitoring capabilities by the

addition of a new surveillance application that will provide automated real-time alerts where there is exceptional or suspicious trading activity occurring in the local or regional stock markets. The web-based nature of the application will also allow regional regulators and other stakeholders to have access to the information being streamed from any of the regional stock exchanges.

#### Suspected Instances of Market Abuse

During the last financial year, the Commission initiated inquiries into several incidents of suspicious activity in the market, with a view to determining whether there may have been price manipulation or illegal insider trading. Most of these inquiries are currently underway. However, one of the matters reviewed has resulted in the launch of a formal investigation under section 138 of the Securities Industry Act, 1995. This investigation is expected to be concluded by the end of the second quarter in the next financial year.

#### Investor Complaints

Five major complaints were fielded by the Commission in the last financial period, the majority of which were resolved. The subjects of these complaints included the non-delivery of certificates, negligence, insider trading and market manipulation.

As a result of a complaint by an investor, the Commission also launched a formal investigation into certain activities of a firm of investment advisors. The Commission also had cause to issue during the year an advisory to investment advisors to the effect that they

were not permitted under the terms of their registration to hold funds on behalf of clients. At the request of the Commission, investment advisors submitted declarations with respect to their involvement in this practice and where applicable undertook to the Commission to cease such activity within the time frame set by the Commission.

### **Other Surveillance Activity**

In the course of its routine surveillance, the Commission became aware that 4 companies were marketing and distributing unregistered securities in contravention of Section 69 of the Act which prohibits the distribution of a security unless a prospectus has been filed with and a receipt issued by the Commission. Those companies were issued with Cease and Desist letters.

The Commission continued in the financial year to exhort all reporting issuers to register all previously unregistered and issued securities in accordance with Section 3 of the SIA. As a result, the Commission has been dealing with challenges to its interpretation of the relevant section, especially in respect of securities that may have been sold exclusively abroad.

In addition the Commission had cause to deal with one registered securities company with respect to maintaining its required capital level, and serve expiration/deregistration notices to two Investment Advisers.

### **REINFORCING THE LEGISLATIVE FRAMEWORK**

The Commission keeps the legislative framework for the regulation of the securities

market under continuous review. In this regard the Commission has identified a number of specific areas that required revision, and in an effort to ensure that the market is sufficiently regulated while awaiting the passage of new legislation the Commission has established a regime in which it issues Guidelines for the regulation of the market that it expects participants to comply with. It is the intention of the Commission to ultimately make these Guidelines part of the law by promulgating them as By Laws.

The Commission has drafted a number of these Guidelines and has issued three of them for implementation by the market by the end of the financial year.

These include:

1. Capital Guidelines for Underwriters
2. Share Repurchase Guidelines
3. Guidelines for Employee Stock Compensation Plan

### **Capital Guidelines for Underwriters**

These Guidelines take cognisance of the disparity between the apparently more stringent capital requirements that underwriters registered under the Financial Institutions Act, 1993 are required to meet, and that required under the Securities Industry Act, 1995 ("the Act"). The Guidelines also seek to address the Commission's concerns about the potential inadequacy of capital that is required to be held under law by underwriters registered under the Act. These concerns are addressed primarily through the application

of capital requirements on underwriters in addition to that provided for under the Act. The quantum of this additional capital requirement is contingent upon the size and nature of transactions being undertaken by underwriters.

### **Share Repurchase Guidelines**

Following consultation with the market share repurchase guidelines were issued. These guidelines provide a mechanism that permits companies to repurchase their shares in circumstances permitted by the Companies Act, without triggering the Take-Over By-Laws.

### **Guidelines for Employee Stock Compensation Plan**

The Guidelines were developed with the intent that companies be required to report detailed information with respect to the creation and operation of Employee Stock Compensation Plans on a regular basis.

### **Market Guidance on Anti-Money Laundering and Combating the Financing of Terrorism**

In addition to the above Guidelines, the Commission also began working on the development of a regulatory framework for Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT). Among other things this has involved the drafting of a Manual which is intended to provide guidance to market actors for establishing their own internal AML/CFT control systems. The Guidance notes were designed to reduce the possibility of market actors being used for any purpose connected with an offence involving

money laundering and terrorist financing. The guidelines, which will further assist the Commission in executing its mandate, are to be reviewed by the Board and will be disseminated to the market in the next financial period.

### **Manual for On-Site Examination of Market Actors**

A Manual for the Conduct of On-Site Examinations of Market Actors has been drafted by the Commission and was being reviewed at year's end. The Inspection Manual is intended for use by Inspection Staff of the Commission when conducting both on- and off-site inspections of persons registered under section 54 of the proposed Securities Act (sections 54, 57 & 59 of the Securities Industry Act). The Manual seeks to outline a standardized protocol for conducting on-site inspections of all market actors, thereby ensuring consistency and fairness of treatment as well as thoroughness in the conduct of examinations.

### **Bond Trading and Registration of Brokers in Fixed Income Securities**

Also being developed by the Commission is a regime governing the conduct of secondary market trading in fixed-income securities, the institutional framework for which has been established by the Central Bank. The initial emphasis in trading will be on government bonds. The Commission has reviewed Draft Rules for Bond Trading (developed by the TTSE and the Central Bank) and has also proposed a regime for registration of brokers in fixed-income securities under the SIA 95.

### **Margin Trading Rules**

With a view to bringing its operations in line with the best international standards the Trinidad and Tobago Stock Exchange developed and submitted for review by the Commission its proposed Margin Trading Agreement and Customer's Margin Agreement in March 2007. The Commission commented and made suggestions for amendments to the Agreements based upon the current requirements of the market. The Agreements are still to be finalized by the Exchange.

### **Closing Price Rules**

In response to criticisms that stock prices are too sensitive to small trades – the minimum trading volume is a single share – the Exchange and the Commission have initiated discussions on an appropriate mechanism for managing price movements as a result of trades. The Commission has recommended to the Exchange that its Rules ought to be amended to provide for a minimum volume of shares to be traded in order to move the price of a given stock. In such a regime, smaller trades would be conducted at whatever the prevailing price was on the market at the time of the trade. The Exchange is still considering the Commission's suggestion prior to presenting the Commission with an appropriate new Rule for its approval.

### **Regional Stock Exchange (Caribbean Exchanges Network)**

During the financial year efforts continued towards implementation of the Caribbean

Exchange Network (CXN) that will initially harmonize the stock markets of Jamaica, Barbados and Trinidad and Tobago via a common trading platform. The Commission has reviewed the proposed structure of the Network including legal agreements and regulatory guidelines for its operations. Further discussions are expected in order to bring this project to fruition.

### **Improving Disclosure Registration and Corporate Finance**

In addition to the tightening of documentary requirements for initial registration in accordance with Part IV of the SIA and associated By-Laws, the Commission has been improving its disclosure-analysis capabilities. In the first instance the Commission now receives monthly volume reports from Collective Investment Schemes (CISs) as mandated by the Collective Investment Schemes Guidelines which were launched on April 12, 2007. The volume report contains data including but not limited to sales, net asset value, number of unit holders, Net Profit and Operating Margin and expense ratios. The reports now allow the Commission to conduct ongoing analysis of the operations of Collective Investment Schemes on an ongoing basis.

The Commission has also invested in the development of a web-based application that gives its staff the capacity to analyse growth trends and operational statistics associated with the industry. The system will also allow for submission and direct entry of data online. Development of the CIV Monitor is ongoing and it is expected to be launched in the 2007/2008 financial year.

# ■ OPERATIONS OVERVIEW

## CORPORATE SERVICES

As part of its efforts to build its technical regulatory capacity the Commission continues to maintain a strong focus on organizational strengthening and on the development of its personnel. Key strategic imperatives in the reporting period were enhancing management capabilities, staffing and training.

Among the structural changes initiated during the year was the consolidation of the areas of Administration and Records Management into the Corporate Services Division, headed by a Director in March 2007. The Commission completed and implemented a comprehensive, centralized records management system and will be converting this manual system to an electronic records management system in the new financial year.

## TRAINING AND DEVELOPMENT

The Commission's training regime has widened over the last three years from exposure to standard regulatory and capital market development issues, to focused skill development for staff.

In the second and third quarters of fiscal year 2006-07, the Commission hosted two programmes as part of ongoing initiatives for the building of required technical competencies. The first was a four-day programme on the Fundamentals In Securities Investigations. This was facilitated by Mr. Ross

Oake, President of Ross Oake & Associates Inc., Forensic and Investigative Services.

The second programme took a look at Broker/Dealer operations for local and regional regulators of the securities markets. This programme was undertaken with the collaboration of the United States Securities and Exchange Commission which provided technical support through the participation of Mr. John Walsh, Associate Director/Chief Counsel, Office of Compliance Inspections and Examinations and Mr. James Reese, Branch Chief (IA/IC), Office of Compliance Inspections and Examinations. Mr. Phillip Shaikun, Associate Vice-President and Associate General Counsel in the North American Securities Dealers (NASD), Regulatory Policy and Oversight Division

also participated by giving a overview of the NASD and the concept of self-regulation. Both programmes were open to and attended by, participants from the Bahamas, Barbados, and Jamaica. It is envisioned that programmes such as these will become mainstays of our professional development strategy in the future.

At the end of the year the Commission's staff complement stood at 42. During the year a total of 28 staff members were given exposure to 51 local training programmes and 22 staff members attended a total of 29 overseas training programmes. The training initiatives ensure that staff members are informed and qualified on matters relating to the securities market both directly and indirectly.

▼ Table I

Staff complement at the Commission as at September 30th, 2007

Position	Number of Employee
Chief Executive Officer	1
General Manager	1
Directors	2
Managers	2
Senior Professional	7
Professional	12
Senior Clerical	6
Clerical	7
Manipulative	4
<b>Total</b>	<b>42</b>





## STAFF OF THE COMMISSION

### From left to right

Danielle Rampersad | Cindy Phillip | Kevin Deopersad  
Karen-Anne Gordon | Ria Badree | Karen Rampersad  
Rachael Rampersad | Rosalind King

### Missing

Otis Murray



### From left to right (front)

Darcelle Barran | Melissa Nancis | Reshma Gupta | Amelia Samai

### From left to right (rear)

Leslie Clarke | Brenton Trim | Carol Noel | Khaleel O'Brien

### Missing

Seeram James





◀ **From left to right (front):**

Craig Cumberbatch | Amberlene Joseph | Kolette Walters | Timothy Mar

**From left to right (rear):**

Ingrid Roseman | Avril Gay | Ava Solomon | Tayeb Bostic | Curlene James

**Missing:**

Janine Carrera



**From left to right (front):** ▶

Charmaine Howard | Bevan Gibson | Seeta Sookdeo

**From left to right (rear):**

Cheryl Cameron | Arlene Francis | Noel Nero | Avril Bacquain

With the continuation of the investor education program, more specifically the outreach sessions, staff members gained exposure in areas such as public speaking and presentation skills.

During the year the Commission implemented an Employee Assistance Programme in keeping with its commitment

to provide an appropriately supportive environment for its staff. The programme is designed to provide counselling services for eligible participants, which include staff members and their immediate families.

Since its relocation to new premises in 2006 the Commission has stepped up efforts to comply with the requirements of the

Occupational Safety and Health Act. With the support of health and safety consultants the Commission completed a risk assessment exercise during the year and initiated measures in response to problems identified. The Commission also established a Health and Safety Committee to monitor and ensure compliance with prescribed standards.

## ■ APPENDICES

Market Actors and Reporting Issuers registered with the Commission

Class of Registration	As at Sept 30, 2007	As at Sept 30, 2006	As at Sept 30, 2005	As at Sept 30, 2004	As at Sept 30, 2003	As at Sept 30, 2002
Market Actors:						
Brokers	20	17	11	11	10	10
Dealers	2	2	2	2	2	2
Investment Advisers	25	30	28	24	18	19
Securities Companies	28	28	23	21	20	20
Self-Regulatory Organizations	2	2	2	2	2	2
Traders	19	17	17	8	6	7
Underwriters	7	8	8	7	7	7
<b>Total Market Actors</b>	<b>103</b>	<b>104</b>	<b>91</b>	<b>75</b>	<b>65</b>	<b>67</b>
Others:						
Reporting Issuers	86	82	81	76	74	70
<b>Total Registrants</b>	<b>189</b>	<b>186</b>	<b>172</b>	<b>151</b>	<b>139</b>	<b>137</b>

Classes of Securities registered with the Commission over the period October 1st 2001 to September 30th 2007

Class of Securities	Oct 1, 2006 to Sept 30, 2007	Oct 1, 2005 to Sept 30, 2006	Oct 1, 2004 to Sept 30, 2005	Oct 1, 2003 to Sept 30, 2004	Oct 1, 2002 to Sept 30, 2003	Oct 1, 2001 to Sept 30, 2002
Equity Issues	28	48	45	28	23	17
Mutual Funds	11	8	9	6	8	7
Debt Securities	13	19	33	24	22	21
Derivative (Debt) Securities	3	4	12	11	15	21
Other Collective Investment Schemes	0	0	1	3	0	0
<b>Total</b>	<b>55</b>	<b>79</b>	<b>100</b>	<b>72</b>	<b>68</b>	<b>66</b>

Securities Market Actors registered by the Commission for the period October 1st, 2006 to September 30th, 2007

Brokers					
1	Akan, Myrnelle V.	AIC Securities Limited	11	Mayers, Robert	Caribbean Money Market Brokers Limited
2	Ali, Salma	West Indies Stockbrokers Limited	12	Montes, Francisco	Independent
3	Alleyne, Harold	Caribbean Stockbrokers Limited	13	Mullings, Donovan	Bourse Securities Limited
4	Balram, Kisraj	West Indies Stockbrokers Limited	14	Narine, Ian	Republic Securities Limited
5	Carrera-Justiz, Francisco	Independent	15	Padmore, Winston	Independent
6	Clarke, Peter	Independent	16	Pariagh, Edgar	CMMB Securities Limited
7	Gosein, Godfrey	Republic Securities Limited	17	Ramkhelawan, Subhas	Bourse Securities Limited
8	James, Vernon	Dehring, Bunting & Golding Limited	18	Salvary, Brent	CMMB Securities Limited
9	Johnson, Alvin	Caribbean Stockbrokers Limited	19	Seebaran, Madree	Bourse Securities Limited
10	Manmohan, Adrian	West Indies Stockbrokers Limited	20	St. Louis, Leslie	CMMB Securities Limited

## Dealers

1	RBTT Merchant Bank Limited
2	Trinidad & Tobago Unit Trust Corporation

Securities Market Actors registered by the Commission for the period October 1st, 2006 to September 30th, 2007

## Investment Advisers

1	Alpha Savings & Trust Limited	14	Intelligent Investment Services Limited
2	Caribbean Investment Management Company (Trinidad) Limited	15	International Wealth and Investment Network Limited
3	Colonial Life Insurance Company (Trinidad) Limited	16	Marquis Portfolio Managers Limited
4	Douglas, George Robert	17	Mondial (Trinidad) Limited
5	Dynamic Equity Limited	18	Mottley, Wendell
6	Financial Concepts Limited	19	RBTT Asset Management Limited
7	FirstCaribbean International Bank (Trinidad & Tobago) Limited	20	RBTT Financial Advisors Limited
8	Funds International Limited	21	Republic Securities Limited
9	Global Financial Brokers Limited	22	The Beacon Asset Management Limited
10	Golding Consulting	23	Trinidad & Tobago Unit Trust Corporation Limited
11	Guardian Life of the Caribbean Limited	24	Vega Capital Management Limited
12	Husain, Syed Samie	25	Welthecon Investment Managers Limited
13	IFAS Limited		



Reporting Issuers registered by the Commission for the period October 1st, 2006 to September 30th, 2007

Reporting Issuers			
1	Add Venture Capital Fund Limited	21	Empresa Generadora de Electricidad Haina, S.A. (EGE Haina)
2	Agostini's Limited	22	First Citizens Asset Management Limited
3	Airports Authority of Trinidad and Tobago	23	First Citizens Bank Limited
4	Alstons Limited	24	FirstCaribbean International Bank Limited
5	Angostura (Barbados) Limited	25	Flavorite Foods Limited
6	Angostura Holdings Limited	26	FNCU Venture Capital Company Limited
7	Angostura Limited	27	Fortress Caribbean Property Fund
8	ANSA McAL Limited	28	Furness Trinidad Limited
9	Ansa Merchant Bank Limited	29	GraceKennedy Limited
10	Berger Paints Trinidad Limited	30	Guardian Holdings Limited
11	BWIA West Indies Airways Limited	31	Intercommercial Bank Limited
12	Capital & Credit Merchant Bank Limited	32	Jamaica Money Market Brokers Limited
13	Caroni (1975) Limited	33	Jamaica Public Service Company
14	Citibank (Trinidad and Tobago) Limited	34	L.J. Williams Limited
15	Citicorp Merchant Bank Limited	35	La Brea Industrial Development Company Limited
16	CLICO Investment Bank Limited	36	Life Settlements Funds Limited
17	Dehring, Bunting and Golding Limited	37	Mega Insurance Company Limited
18	Development Finance Limited	38	Mora Ven Holdings Limited
19	Dynamic Equity Fund II Limited	39	National Commercial Bank Jamaica Limited
20	Dynamic Equity Venture Fund Limited	40	National Enterprises Limited

Reporting Issuers registered by the Commission for the period October 1st, 2006 to September 30th, 2007 (continued)

Reporting Issuers <small>continued</small>			
41	National Flour Mills Limited	64	Scotiabank Trinidad and Tobago Limited
42	National Insurance Property Development Company Limited	65	St. Christopher Air and Sea Ports Authority
43	National Maintenance Training and Security Company Limited	66	St. Kitts Urban Development Corporation Ltd
44	Neal & Massy Holdings Limited	67	TCL Leasing Limited
45	Nestlé Trinidad and Tobago Limited	68	TCL Service Limited
46	One Caribbean Media Limited	69	Telecommunications Services of Trinidad and Tobago Limited
47	Phoenix Park Gas Processors Limited	70	The Barbados Shipping & Trading Company Limited
48	Point Lisas Industrial Port Development Corporation Limited	71	The Home Mortgage Bank
49	Port Authority of Trinidad and Tobago	72	The National Football Stadium Company Limited
50	Prestige Holdings Limited	73	The Vehicle Management Corporation of Trinidad & Tobago Limited
51	Public Transport Service Corporation	74	The West Indian Tobacco Company Limited
52	RBTT Bank (Barbados) Limited	75	Tourism & Industrial Development Company of T&T Limited
53	RBTT Bank Limited	76	Transjamaican Highway Limited
54	RBTT Finance Limited	77	Trinidad & Tobago Housing Development Corporation
55	RBTT Financial Holdings Limited	78	Trinidad & Tobago Unit Trust Corporation Limited
56	RBTT Merchant Bank Limited	79	Trinidad Cement Limited
57	Readymix (West Indies) Limited	80	Trinidad Publishing Company Limited
58	Republic Bank Limited	81	Trinidad Select Index Fund Limited
59	Republic Finance and Merchant Bank Limited	82	Unilever Caribbean Limited
60	Royal Skandia Life Assurance Limited	83	Urban Development Corporation of Trinidad & Tobago Limited
61	Sagicor Financial Corporation	84	UTC Mutual Funds SPC Limited
62	Sagicor Funds Incorporated	85	Valpark Shopping Plaza Limited
63	Sagicor Merchant Limited	86	Water & Sewerage Authority

Securities Market Actors registered by the Commission for the period October 1st, 2006 to September 30th, 2007

Securities Companies (with classes of business indicated)					
1	AIC Capital Market Brokers Limited	Dealer, Investment Adviser, Underwriter	15	General Finance Corporation Limited	Dealer, Investment Adviser, Underwriter
2	AIC Securities Limited	Broker, Dealer, Investment Adviser, Underwriter	16	Guardian Asset Management Limited	Dealer, Investment Adviser, Underwriter
3	Ansa Merchant Bank Limited	Dealer, Investment Adviser, Underwriter	17	Intercommercial Bank Limited	Dealer, Investment Adviser, Underwriter
4	Bourse Brokers Limited	Broker, Dealer	18	Intercommercial Trust & Merchant Bank Limited	Dealer, Investment Adviser, Underwriter
5	Bourse Securities Limited	Broker, Dealer, Investment Adviser, Underwriter	19	OneI Financial Limited	Dealer, Investment Adviser, Underwriter
6	Caribbean Money Market Brokers Limited	Broker, Dealer, Investment Adviser, Underwriter	20	RBTT Merchant Bank Limited	Dealer, Underwriter
7	Caribbean Stockbrokers Limited	Broker, Dealer, Investment Adviser, Underwriter	21	Republic Bank Limited	Dealer, Investment Adviser, Underwriter
8	CMMB Securities Limited	Broker, Dealer, Investment Adviser, Underwriter	22	Republic Finance and Merchant Bank Limited	Underwriter
9	CLICO Investment Bank Limited	Investment Adviser, Underwriter	22	Republic Securities Limited	Broker
10	Dehring, Bunting & Golding Limited	Broker, Dealer, Investment Adviser, Underwriter	23	Sagicor Life Inc.	Dealer, Investment Adviser, Underwriter
11	Development Finance Limited	Dealer, Investment Adviser, Underwriter	24	Sagicor Merchant Limited	Dealer, Investment Adviser, Underwriter
12	First Citizens Asset Management Limited	Dealer, Investment Adviser, Underwriter	25	Scotiabank Trinidad and Tobago Limited	Underwriter
13	First Citizens Securities Trading Limited	Dealer, Investment Adviser, Underwriter	27	Scotiabank and Merchant Bank Trinidad and Tobago Limited	Dealer, Investment Adviser, Underwriter
14	Firstline Securities Limited	Dealer, Investment Adviser, Underwriter	28	West Indies Stockbrokers Limited	Broker, Dealer, Investment Adviser, Underwriter

### Self-Regulatory Organizations

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

Securities Market Actors registered by the Commission for the period October 1st, 2006 to September 30th, 2007

Traders					
1	Alexander, Lisa Maria	Dehring, Bunting and Golding Limited	11	Lamy, Lorin Shereece	AIC Securities Limited
2	Alleyne, Harold	Caribbean Stockbrokers Limited	12	Lee, Sean	Caribbean Stockbrokers Limited
3	Basdeo, Roshan	Bourse Securities Limited	13	Leons, Keron	Caribbean Money Market Brokers Limited
4	Bridgewater, Joanne	Republic Securities Limited	14	Mahabirsingh, Sherma	Caribbean Money Market Brokers Limited
5	Eve, Patricia	Republic Securities Limited	15	Ramnath-Singh, Gail	Caribbean Stockbrokers Limited
6	Fletcher, Claire Rose	West Indies Stockbrokers Limited	16	Savary, Hilary	AIC Securities Limited
7	Gajadar, Kerry	Caribbean Stockbrokers Limited	17	Thomas, Rowland Marc	West Indies Stockbrokers Limited
8	Inniss-Bernard, Judy	Republic Securities Limited	18	Vieria, Lisa Ann	AIC Securities Limited
9	Kabeera, Dinesh	Bourse Securities Limited	19	Youssef, Daniel George	West Indies Stockbrokers Limited
10	Lackan, Rajesh	Republic Securities Limited			

Underwriters			
1	Citicorp Merchant Bank Limited	5	FirstCaribbean International Bank (Trinidad & Tobago) Limited
2	Citibank (Trinidad and Tobago) Limited	6	Trinidad & Tobago Unit Trust Corporation Limited
3	First Citizens Bank Limited	7	FirstCaribbean International Bank (Bahamas) Limited
4	RBTT Merchant Bank Limited		

Collective Investment Schemes registered by the Commission for the period October 1st 2006 to September 30th 2007

Currency	Sponsor	Fund Name	Fund Type	Country of Origin	Registration Date
USD	Sagikor Funds Incorporated	Sagikor Preferred Income Fund	Income Fund	Barbados	09-Nov-06
USD	Sagikor Funds Incorporated	Sagikor Select Growth Fund	Fund of Funds	Barbados	09-Nov-06
TTD	JMMB Securities Limited	Trinidad Select Index Fund Limited	Index Funds	Cayman Islands	09-Nov-06
AUD	Life Settlements Funds Limited	Life Settlements Wholesale Funds	Collective Investment Schemes	Australia	09-Nov-06
TTD	Guardian Life of the Caribbean Limited	Aggressive Fund	Fund of Funds	Trinidad and Tobago	13-Feb-07
TTD	Guardian Life of the Caribbean Limited	Moderate Fund	Fund of Funds	Trinidad and Tobago	13-Feb-07
TTD	Guardian Life of the Caribbean Limited	Conservative Fund	Fund of Funds	Trinidad and Tobago	13-Feb-07
USD	ANSA Merchant Bank Limited	Ansa US\$ Secured Fund	Collective Investment Schemes	Trinidad and Tobago	20-Apr-07
USD	Guardian Life of the Caribbean Limited	Guardian Asset Management Limited New Economy Equity Fund	Equity Fund	Trinidad and Tobago	14-Sep-07
USD	Guardian Life of the Caribbean Limited	Guardian Asset Management Limited Global Bond Fund	Bond Fund	Trinidad and Tobago	14-Sep-07
USD	Guardian Life of the Caribbean Limited	Guardian Asset Management Limited New Emerging Markets Bond Fund	Bond Fund	Trinidad and Tobago	14-Sep-07



Fixed Income Securities registered by the Commission for the period October 1st 2006 to September 30th 2007

Currency	Issuer Name	Description	Registration Date	Value in TTD
TTD	Trinidad & Tobago Housing Development Corporation	Trinidad & Tobago Housing Development Corporation TT\$1,390,000,000 Fixed Rate Bond - Tranche III : TT\$475,000,000 8.5% Fixed Rate Bond Issue due 2021	10-Oct-06	\$475,000,000.00
TTD	National Insurance Property Development Company Limited	National Insurance Property Development Company Limited TT\$286,252,764 Recourse Fixed Rate Bond Due 2018	20-Oct-06	\$286,252,764.00
TTD	Government of Trinidad & Tobago	Government of Trinidad and Tobago TT\$700M 8% Fixed Rate Bond Issue due 2014	29-Nov-06	\$700,000,000.00
TTD	Guardian Holdings Limited	Guardian Holdings Limited TT\$50,000,000 Commercial Paper Tranche 1 - TT\$32,050,000	31-Jan-07	\$32,050,000.00
TTD	Guardian Holdings Limited	Guardian Holdings Limited TT\$50,000,000 Commercial Paper Tranche 2 - TT\$13,000,000	07-Feb-07	\$13,000,000.00
TTD	Government of Trinidad & Tobago	Registration of Government of Trinidad and Tobago ("GORTT") TT\$300,000,000 (or such greater amount as the GORTT may determine subject to a maximum of TT\$500,000,000) 7.8% Fixed Rate Bond Issue due 2012	08-Feb-07	\$300,000,000.00
TTD	Guardian Holdings Limited	Guardian Holdings Limited TT\$50,000,000 Commercial Paper Tranche 4 - TT\$1,750,000	26-Feb-07	\$1,750,000.00
TTD	Guardian Holdings Limited	Guardian Holdings Limited TT\$50,000,000 Commercial Paper Tranche 3 - TT\$3,200,000	13-Mar-07	\$3,200,000.00
TTD	ANSA McAL Limited	Ansa McAL Limited TT\$295,000,00 Loan note	12-Apr-07	\$295,000,000.00
TTD	Government of Trinidad & Tobago	Government of Trinidad and Tobago ("GORTT") TT\$450,000,000 (or such greater amount as the GORTT may determine subject to a maximum of TT\$1,017,978,000) 8.00% Fixed Rate Bond Issue due 2014	04-May-07	\$1,017,978,000.00

Fixed Income Securities registered by the Commission for the period October 1st 2006 to September 30th 2007 (continued)

Currency	Issuer Name	Description	Registration Date	Value in TTD
TTD Total				\$3,124,230,764.00
USD	CLICO Investment Bank Limited	Clico Investment Bank Limited US\$75,000,000 8.55% Fixed Rate Bond due 2011	05-Jan-07	\$472,665,000.00
USD	Port Authority of Trinidad and Tobago	Port Authority of Trinidad and Tobago US \$13,400,000 Ten Year Fixed Rate Bond Due 2018	24-Aug-07	\$84,449,480.00
USD	ANSA McAL Limited	Ansa McAL Limited US\$400,000,000 medium Term Floating Rate Note due 2010	25-Sep-07	\$2,520,880,000.00
USD Total				\$3,077,994,480.00
Grand Total				\$6,202,225,244.00

Derivative Securities registered by the Commission for the period October 1st 2006 to September 30th 2007

Issuer	Description	Currency	Registration Date	Value in TTD
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited TTD\$299,420,424 Certificates of Interest in National Insurance Property Development Company Limited TT\$286,252,764 Recourse Fixed Rate Bond Due 2018	TTD	20-Oct-06	\$299,420,424.00
Citicorp Merchant Bank Limited	Citicorp Merchant Bank Limited TTD\$227,500,000 Certificates of Participation in Trinidad and Tobago Housing Development Corporation Limited TT\$1,381,000,000.00 Fixed Rate Bond – Tranche III TT\$475,000,000 8.5% Fixed Rate Bond Issue due 2021	TTD	09-Nov-06	\$227,500,000.00
Sagicor Merchant Limited	Sagicor Merchant Limited TTD\$76,460,000 Certificates of Participation in Courts (Trinidad) Limited Secured TT\$150,000,000 7.35% Fixed Rate Notes due 2008	TTD	09-Nov-06	\$76,460,000.00
Total				\$603,380,424.00

Equity Securities registered October 1st, 2006 to September 30th 2007

Company	Type	Description	Number	Registration Date	Value of Securities Registered in TT\$
The Barbados Shipping & Trading Company Limited	BONUS Scheme	131,016 Ordinary Shares pursuant to its Bonus Scheme 2006	131,016	28-Feb-07	\$1,910,842.16
Sub Total	Bonus Scheme Ordinary Common Total		131,016		\$1,910,842.16
Republic Bank Limited	ESOP - Ordinary Common Shares	Republic Bank Limited 450,000 Ordinary share pursuant to Executive Share Option Plan	450,000	16-Nov-06	\$17,427,769.19
RBTT Financial Holdings Limited	ESOP - Ordinary Common Shares	RBTT Financial Holdings Limited 40,885 Ordinary Shares pursuant to Share Option Plan for Non-Executive Directors and Executive Management	40,885	17-Jan-07	\$556,696.45
The Barbados Shipping & Trading Company Limited	ESOP - Ordinary Common Shares	The Barbados Shipping & Trading Company Limited 15,000 Shares allocated under the Employee Share Purchase Plan 2006	15,000	28-Feb-07	\$220,317.00
The Barbados Shipping & Trading Company Limited	ESOP - Ordinary Common Shares	The Barbados Shipping & Trading Company Limited 10,422 Ordinary Shares pursuant to its Employees Share Purchase Plan 2007	10,422	10-May-07	\$152,324.83
Sagikor Financial Corporation	ESOP - Ordinary Common Shares	Sagikor Financial Corporation 218,858 Series A Common Shares pursuant to Long Term Inventive Plan for Executives	218,858	11-Jul-07	\$2,945,828.68
Sub Total	ESOP - Ordinary Common Shares - Total		735,165		\$21,302,936.15
Prestige Holdings Limited	MSOP - Ordinary Common Shares	Prestige Holdings Limited 200,000 shares pursuant to Management Stock Option Plan	200,000	30-Nov-06	\$554,000.00
GraceKennedy Limited	MSOP - Ordinary Common Shares	GraceKennedy Limited 51,362 Ordinary shares pursuant to its Management Stock Option Plan	51,362	03-Jan-07	\$189,176.64

Equity Securities registered October 1st, 2006 to September 30th 2007 (continued)

Company	Type	Description	Number	Registration Date	Value of Securities Registered in TT\$
GraceKennedy Limited	MSOP - Ordinary Common Shares	GraceKennedy Limited 81,713 Ordinary shares pursuant to its Stock Option Plan for Director	81,713	03-Jan-07	\$196,288.10
GraceKennedy Limited	MSOP - Ordinary Common Shares	GraceKennedy Limited 109,811 Ordinary shares pursuant to its Stock Option Plan for Managers	109,811	09-Mar-07	\$404,466.14
GraceKennedy Limited	MSOP - Ordinary Common Shares	GraceKennedy Limited 794,536 Ordinary shares pursuant to Directors Share Option Plan	794,536	09-Mar-07	\$1,908,606.52
GraceKennedy Limited	MSOP - Ordinary Common Shares	GraceKennedy Limited 83,794 shares pursuant to Management Stock Option Plan	83,794	22-Mar-07	\$308,630.26
RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	RBTT Financial Holdings Limited 21,120 Shares pursuant to Share Option Plan for Non-Executive Directors and Executive Management	21,120	05-Apr-07	\$456,192.00
RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	RBTT Financial Holdings Limited 11,502 Ordinary Shares pursuant to Share Option Plan for Non-Executive Directors and Executive Management	11,502	27-Apr-07	\$217,524.64
GraceKennedy Limited	MSOP - Ordinary Common Shares	GraceKennedy Limited 19,000 Ordinary shares pursuant to Management Option Plan	19,000	27-Apr-07	\$69,980.85
GraceKennedy Limited	MSOP - Ordinary Common Shares	GraceKennedy Limited 65,681 Ordinary shares pursuant to MSOP	65,681	02-May-07	\$241,916.42
RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	RBTT Financial Holdings Limited 1,000 Ordinary Shares pursuant to Share Option Plan for Non-Executive Directors and Executive Management	1,000	04-May-07	\$21,600.00

Equity Securities registered October 1st, 2006 to September 30th 2007 (continued)

Company	Type	Description	Number	Registration Date	Value of Securities Registered in TT\$
RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	RBTT Financial Holdings Limited 6,000 Ordinary Shares pursuant to Share Option Plan for Non-Executive Directors and Executive Management	6,000	05-May-07	\$129,600.00
The Barbados Shipping & Trading Company Limited	MSOP - Ordinary Common Shares	The Barbados Shipping & Trading Company Limited 4,000 Shares pursuant to its Executive Stock Option Plan 2004	4,000	16-May-07	\$67,980.00
The Barbados Shipping & Trading Company Limited	MSOP - Ordinary Common Shares	49,500 Ordinary Shares pursuant to its Executives Stock Option Plan	49,500	16-May-07	\$518,795.55
GraceKennedy Limited	MSOP - Ordinary Common Shares	GraceKennedy Limited 32,677 shares pursuant to its Managers Shares Option Plan	32,677	11-Jun-07	\$120,356.01
RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	RBTT Financial Holdings Limited 6,800 Ordinary Shares pursuant to Share Option Plan for Non-Executive Directors and Executive Management	6,800	04-Jul-07	\$146,880.00
Agostini's Limited	MSOP - Ordinary Common Shares	Agostini's Limited 10,000 Ordinary Stock Units pursuant to Executives Option Plan	10,000	04-Jul-07	\$65,000.00
GraceKennedy Limited	MSOP - Ordinary Common Shares	Registration of 194,196 Ordinary Shares of GraceKennedy Limited pursuant to its Management Stock Option Plan	194,196	18-Jul-07	\$715,263.18
RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	RBTT Financial Holdings Limited 6,365 Ordinary Shares pursuant to Share Option Plan for Non-Executive Directors and Executive Management	6,365	20-Sep-07	\$92,992.65
Sub Total	MSOP - Ordinary Common Shares - Total		1,749,057		\$6,425,238.96
Dynamic Equity Fund II Limited	ORD - Ordinary Common Shares	Dynamic Equity Fund II Limited 3,750,000 Ordinary shares	3,750,000	09-Nov-06	\$3,750,000.00



Equity Securities registered October 1st, 2006 to September 30th 2007 (continued)

Company	Type	Description	Number	Registration Date	Value of Securities Registered in TT\$
Sub Total	ORD - Ordinary Common Shares - Total		3,750,000		\$3,750,000.00
Neal & Massy Holdings Limited	OTH - Other	Shares registered pursuant to proposed merger with BS&T	21,030,956	10-May-07	\$957,908,500.00
Sub Total	OTH - Other - Total		21,030,956		\$957,908,500.00
Dynamic Equity Fund II Limited	PRF - Preference Shares	Dynamic Equity Fund II Limited 50,000,000 Preference shares	50,000,000	09-Nov-06	\$50,000,000.00
Sub Total	PRF - Preference Shares - Total		50,000,000		\$50,000,000.00
Total			77,396,194		\$1,041,297,517.26

# ■ INDEPENDENT AUDITORS' REPORT



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

## **Report on the financial statements**

We have audited the accompanying financial statements of The Trinidad & Tobago Securities and Exchange Commission, which comprise the balance sheet as of 30 September 2007 and the income and expenditure account, statement of changes in accumulated surplus and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

## **Management's responsibility for the financial statements**

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

## **Auditors' responsibility**

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

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

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

## **Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Trinidad & Tobago Securities and Exchange Commission as of 30 September 2007, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink that reads "PricewaterhouseCoopers". The signature is written in a cursive, flowing style.

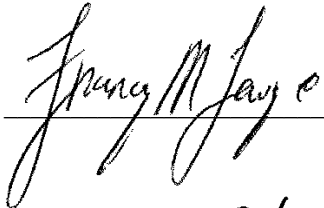
PricewaterhouseCoopers  
Port of Spain,  
Trinidad, West Indies  
18 January 2008


# BALANCE SHEET (Expressed in Trinidad and Tobago Dollars)

	Notes	30 September	
		2007 \$	2006 \$ Restated
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Leasehold improvements and equipment	3	<u>7,829,675</u>	<u>8,176,482</u>
<b>Current Assets</b>			
Cash at bank		9,536,994	2,831,524
Fixed deposits		4,871,449	4,715,166
Prepayments and other receivables	4	<u>548,594</u>	<u>305,626</u>
		<u>14,957,037</u>	<u>7,852,316</u>
<b>Total Assets</b>		<u>22,786,712</u>	<u>16,028,798</u>
<b>ACCUMULATED SURPLUS AND LIABILITIES</b>			
<b>Accumulated Surplus</b>			
		<u>22,656,182</u>	<u>15,986,366</u>
<b>Current Liabilities</b>			
Accrued charges		<u>130,530</u>	<u>42,432</u>
<b>Total Accumulated Surplus and Liabilities</b>		<u>22,786,712</u>	<u>16,028,798</u>

The notes on pages 37 to 43 form an integral part of these financial statements.

On 18 January 2008, the Commissioners of The Trinidad & Tobago Securities and Exchange Commission authorised these financial statements for issue.

  
 \_\_\_\_\_ Commissioner

  
 \_\_\_\_\_ Chairman

  
 \_\_\_\_\_ Commissioner

## INCOME AND EXPENDITURE ACCOUNT

	Notes	Year Ended 30 September	
		2007 \$	2006 \$ Restated
<b>Income</b>			
Registration fees		3,534,474	2,173,905
Government subvention		23,020,000	17,800,000
Interest		305,156	209,330
Other income		24,878	20,218
		<u>26,884,508</u>	<u>20,203,453</u>
<b>Expenses</b>			
Administration		(1,483,309)	(1,311,566)
Finance		(11,039)	(5,686)
Operating		(18,706,280)	(16,333,651)
	6	<u>(20,200,628)</u>	<u>(17,650,903)</u>
<b>Surplus Before Taxation</b>		6,683,880	2,552,550
<b>Taxation</b>	7	<u>(14,064)</u>	<u>(10,738)</u>
<b>Net Surplus</b>		<u>6,669,816</u>	<u>2,541,812</u>

## STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

<b>Balance at beginning of year</b>	15,986,366	13,444,554
Net Surplus	<u>6,669,816</u>	<u>2,541,812</u>
<b>Balance at end of year</b>	<u>22,656,182</u>	<u>15,986,366</u>

The notes on pages 37 to 43 form an integral part of these financial statements.

## CASH FLOW STATEMENT

### Operating Activities

Surplus before taxation  
 Adjustment to reconcile deficit to net cash from operating activities:  
 Depreciation  
 Loss on disposal of leasehold improvements and equipment  
 Net change in operating assets and liabilities

Taxation paid net of tax refund

### Net Cash Inflow From Operating Activities

### Investing Activities

Purchase of leasehold improvements and equipment  
 Proceeds from disposals leasehold improvements and equipment

### Net Cash Outflow From Investing Activities

### Increase/(Decrease) In Cash And Cash Equivalents

### Cash And Cash Equivalents

At beginning of year  
 Increase/(decrease)

End of year

### Represented By:

Cash  
 Fixed deposits

	Year Ended 30 September	
	2007	2006
	\$	\$
		Restated
	6,683,880	2,552,550
	2,005,185	1,055,359
	557	--
	(154,870)	498,571
	8,534,752	4,106,480
	(14,064)	(10,795)
	8,520,688	4,095,685
	(1,669,800)	(7,701,362)
	10,865	--
	(1,658,935)	(7,701,362)
	6,861,753	(3,605,677)
	7,546,690	11,152,367
	6,861,753	(3,605,677)
	14,408,443	7,546,690
	9,536,994	2,831,524
	4,871,449	4,715,166
	14,408,443	7,546,690

The notes on pages 37 to 43 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 September 2007 (Expressed in Trinidad and Tobago Dollars)

## I General Information

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

## 2 Summary Of Significant Accounting Policies

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

### 2.1 a Basis of preparation

The financial statements of The Trinidad & Tobago Securities and Exchange Commission have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the Commission's carrying amount of assets and liabilities within the next financial year.

#### Adoption of standards

In 2007, there were no new IFRS, which are relevant to the Commission's operations.

*Standard, interpretation and amendment to published standard that is not yet effective*

IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures (effective

from 1st January 2007).

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Commission will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1st October 2007.

## b Foreign currency translation

### (i) Functional and presentation currency

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

### (ii) Transactions and balances

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



# NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 September 2007 (Expressed in Trinidad and Tobago Dollars)

## 2 Summary Of Significant Accounting Policies (Continued)

### 2.2 Leasehold improvements and equipment

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

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

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

### 2.3 Cash and cash equivalents

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

### 2.4 Pension

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

### 2.5 Deferred income taxes

Deferred income tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in

the financial statements. Currently enacted tax rates are used to determine deferred income tax.

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

### 2.6 Revenue recognition

Interest income is recognised as it accrues to the Commission.

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

### 2.7 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.

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

### 2.8 Leases

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

## ■ NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 September 2007 (Expressed in Trinidad and Tobago Dollars)

### 2.9 Government subventions

Government subventions are made to the Commission in accordance with annual budget to defray capital and operating expenditure not covered by fees from operations. The Commission recognises the Government subvention in the Income and Expenditure Account as income representing immediate financial support in the period in which it becomes receivable. There are no contingencies attached to the receipt of these subventions.

### 2.10 Credit risk

The Commission has no significant concentration of credit risk.

### 2.11 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, Government subvention, Accumulated Surplus, Surplus Deficit before Taxation were restated after the Commission reconsidered the treatment of Government Grants in the context of International Accounting Standard No. 20 and determined it more appropriate that the grants be recognised in the Income and Expenditure Account. This resulted in a Net Surplus for the year ended 30th September 2006 of \$2,541,812 compared to the Net Deficit of \$15,258,188 previously reflected. Total assets as at 30th September 2006 remained unchanged.

## ■ NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 September 2007 (Expressed in Trinidad and Tobago Dollars)

### 3 Leasehold improvements and equipment

	Leasehold Improvements \$	Office Equipment \$	Computer Equipment \$	Artwork and Fixtures and Fittings \$	Motor Vehicle \$	Total \$
<b>At 30 September, 2007</b>						
Opening net book amount	1,912,871	3,204,687	1,812,807	458,985	787,132	8,176,482
Additions	79,271	738,428	639,644	212,457	--	1,669,800
Disposal	--	(11,422)	--	--	--	(11,422)
Depreciation	<u>(425,167)</u>	<u>(840,350)</u>	<u>(478,319)</u>	<u>(64,566)</u>	<u>(196,783)</u>	<u>(2,005,185)</u>
Closing net book amount	<u>1,566,975</u>	<u>3,091,343</u>	<u>1,974,132</u>	<u>606,876</u>	<u>590,349</u>	<u>7,829,675</u>
<b>At 30 September, 2007</b>						
Cost	2,180,621	4,866,172	4,398,260	914,891	862,258	13,222,202
Accumulated Depreciation	<u>(613,646)</u>	<u>(1,774,829)</u>	<u>(2,424,128)</u>	<u>(308,015)</u>	<u>(271,909)</u>	<u>(5,392,527)</u>
Net book amount	<u>1,566,975</u>	<u>3,091,343</u>	<u>1,974,132</u>	<u>606,876</u>	<u>590,349</u>	<u>7,829,675</u>
<b>At 30 September, 2006</b>						
Opening net book amount	--	387,530	806,634	241,318	94,997	1,530,479
Additions	2,101,350	3,309,525	1,302,153	252,738	735,596	7,701,362
Depreciation	<u>(188,479)</u>	<u>(492,368)</u>	<u>(295,980)</u>	<u>(35,071)</u>	<u>(43,461)</u>	<u>(1,055,359)</u>
Closing net book amount	<u>1,912,871</u>	<u>3,204,687</u>	<u>1,812,807</u>	<u>458,985</u>	<u>787,132</u>	<u>8,176,482</u>
<b>At 30 September, 2006</b>						
Cost	2,101,350	4,182,428	3,758,616	702,433	862,258	11,607,085
Accumulated Depreciation	<u>(188,479)</u>	<u>(977,741)</u>	<u>(1,945,809)</u>	<u>(243,448)</u>	<u>(75,126)</u>	<u>(3,430,603)</u>
Net book amount	<u>1,912,871</u>	<u>3,204,687</u>	<u>1,812,807</u>	<u>458,985</u>	<u>787,132</u>	<u>8,176,482</u>
<b>At 30 September, 2005</b>						
Cost	--	872,903	2,456,463	449,695	126,662	3,905,723
Accumulated Depreciation	--	<u>(485,373)</u>	<u>(1,649,829)</u>	<u>(208,377)</u>	<u>(31,665)</u>	<u>(2,375,244)</u>
Net book amount	--	<u>387,530</u>	<u>806,634</u>	<u>241,318</u>	<u>94,997</u>	<u>1,530,479</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 September 2007 (Expressed in Trinidad and Tobago Dollars)

	2007 \$	2006 \$
<b>4 Prepayments and other Receivables</b>		
Prepayments	468,605	291,026
Other receivables	<u>79,989</u>	<u>14,600</u>
	<u>548,594</u>	<u>305,626</u>

### 5 Deferred Income Taxes

Tax losses of approximately \$1,700,000 (2006 - \$1,885,000) have not been recognised for the purpose of deferred taxation because of the uncertain timing of their recoverability.

Deferred tax liabilities of \$242,000 (2006 - \$270,000) arising on the temporary difference from accelerated depreciation on leasehold improvements and equipment have not been recognised.

### 6 Expenses By Nature

Mutual fund study	228,029	90,985
Advertising	249,752	388,989
Library expenses	230,913	133,709
Consultancy	947,502	672,372
Employee benefit expense (Note 8)	7,310,803	5,825,502
Depreciation	2,005,185	1,055,359
Legal and professional fees	280,034	470,524
Investigation	243,831	849,036
Telephone	361,474	289,605
Rent/property expenses	3,558,202	2,353,265
Relocation	--	1,486,712
Training	823,005	412,635
Seminars	802,558	798,594
Other expenses	1,272,579	1,336,401
Withholding tax	337,756	28,744
Utilities	327,893	133,407
Computer related expenses	165,415	255,359

## ■ NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 September 2007 (Expressed in Trinidad and Tobago Dollars)

	2007 \$	2006 \$
<b>6 Expenses By Nature (continued)</b>		
Motor vehicle lease payments	391,180	321,880
Other rental/storage	331,237	205,885
Office supplies	169,463	238,868
Printing and reproduction	<u>163,817</u>	<u>303,072</u>
Total expenses	<u>20,200,628</u>	<u>17,650,903</u>

<b>7 Taxation</b>		
Prior year over provision - business levy	--	(57)
Business levy	9,555	7,173
Green fund levy	<u>4,509</u>	<u>3,622</u>
	<u>14,064</u>	<u>10,738</u>

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

Surplus before taxation	<u>6,683,880</u>	<u>2,552,550</u>
Corporation tax at the statutory rate of 25%	1,670,970	638,138
Expenses not deductible for tax purposes	1,617	4,102
Expenses reimbursed by the government grants	4,082,413	3,807,761
Exempt income government grants	(5,755,000)	(4,450,001)
Business levy	9,555	7,173
Prior year over provision	--	(57)
Green fund levy	<u>4,509</u>	<u>3,622</u>
Current tax charge	<u>14,064</u>	<u>10,738</u>

## ■ NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 September 2007 (Expressed in Trinidad and Tobago Dollars)

b) The Commission is required to pay Business Levy at 0.20% of total revenue. Business Levy only takes effect when it exceeds the current corporation tax liability.

c) The Commission has tax losses of approximately \$1,700,000 (2006 - \$1,885,000) available for set off against future taxable profits. These losses have not yet been approved by the Board of Inland Revenue.

	2007 \$	2006 \$
<b>8 Employee Benefit Expense</b>		
Salaries and national insurance	6,765,351	5,344,182
Pension costs	<u>545,452</u>	<u>481,320</u>
	<u>7,310,803</u>	<u>5,825,502</u>
Average number of employees	<u>38</u>	<u>44</u>
<b>9 Key Management Compensation</b>		
Salaries and other benefits	<u>2,469,267</u>	<u>1,612,656</u>
<b>10 Operating Lease Commitments</b>		
The future minimum lease payments relating to the rental of premises and vehicles are as follows:		
Not later than 1 year	3,262,016	3,325,252
Later than 1 year and not later than 5 years	<u>2,710,092</u>	<u>5,972,109</u>



**For additional copies of this report, write to:**

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57-59 Dundonald Street  
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**Complaints/Queries:**

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









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