

Trinidad and Tobago Securities and Exchange Commission
ANNUAL REPORT 2008

TRANSPARENCY

PROTECTION

INTEGRITY



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.

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LETTER OF TRANSMITTAL

January 31st 2009


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 30, 2008 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.

THE COMMISSIONERS



FRANCIS LEWIS



MARSHA KING



JANICE CLARENCE-QUAMINA



SHELTON NICHOLLS

VISHNU DHANPAUL (MISSING)

MESSAGE FROM THE CHAIRMAN

INTRODUCTION

The recent collapse and meltdown of the world's financial systems that have given fuel to potentially the worst recession that the world may experience in many decades carry very significant challenges for regulators as well. During periods of market growth, regulators are called upon to do such regulation as may be considered necessary with a "light touch", meaning with as little intrusion as possible. The prevailing market philosophy of the last ten years or so is that regulation inhibits innovation, growth and profitability and the market, in the style of neo-classical economics, is its best regulator.

Unfortunately, the fallacy of that philosophy comes to the fore when the market suffers from the self-inflicted burdens of greed and over-exuberance and subsequently fails because its participants substitute greed with fear and effectively shut down the system. At this point the regulators are expected to shoulder the blame for the collapse of the system – where were the regulators when the investment banks were taking huge leveraged risks or when Mr. Madoff was perpetrating his fraud?

These questions have led to most regulators reconsidering their philosophy and approach to regulation. But even as they do so, they are faced with the challenge of avoiding "over regulation". The Trinidad and Tobago Securities and Exchange Commission faces similar questions and challenges, although the securities and financial markets in this country have not been devastated in the manner of those of the United States, in particular, and in Europe and elsewhere.

Over the past two years or so, the Trinidad and Tobago Securities and Exchange Commission has devoted much of its energy towards efforts to strengthen its regulation of the market, rather than to relax it. Thus it has succeeded in creating for the first time a regime for the regulation of the mutual fund industry which has grown exponentially without any regulation at all. And although the existing regime is more dependent on moral suasion than on the full operation of law, the Commission is satisfied that market participants are fully observant of the new requirements which bring this jurisdiction in line with many of the best practices of others. In like fashion, the Commission has been working on establishing regimes for the repurchase and sale of securities (Repos) and to cover the



OSBORNE NURSE, **Chairman**

MESSAGE FROM THE CHAIRMAN (CONT'D)

issue and exercise of stock options that are made available to the management and staff of domestic as well as international companies located in this country.

These efforts by the Commission signal its continued commitment to the principles of sound market regulation based on the assumption that there are limits to the effectiveness of self-regulation by market participants. The Commission does believe that there is a role for industry self-regulation and has therefore encouraged the development of two associations in the market – The Securities Dealers Association of Trinidad and Tobago (SDATT) and the Mutual Funds Association of Trinidad and Tobago (MFATT) both of which have expressed interest in becoming full-fledged self regulatory organizations.

It is important therefore, at this stage of the development of securities market regulation in the world, to restate and remind ourselves of what regulation, at least of the securities industry, seeks to do.

The key element in the regulatory process is that the role of the regulator is to ensure that the maximum information is made available to potential investors and other market participants on the persons, institutions and products that are being offered to investors. Transparency and disclosure are the watchwords of the regulator and the sometimes cumbersome processes that are undertaken to ensure such transparency and disclosure are the source of the calumny heaped on those regulators. It is interesting to note that in the midst of the meltdown many Chairmen and senior executives confessed that they did not know or understand the products that were being sold at such great profit, and many investors were motivated to invest in “profitable” investments despite either not understanding them or ignoring the information that was available to them. One of the key systemic weaknesses that emerged as a result of the failure of the market was that key segments of the market had become less transparent and many, including highly sophisticated investors, did not or could not access the information relevant to their decision making.

The Trinidad and Tobago Securities and Exchange Commission remains fully committed to the principles of transparency and disclosure and will continue over the next few years to pursue rigorously the goals of establishing adequate regulatory regimes as it has done over the past two years.

The second pillar of an effective regulatory regime is that of market surveillance and enforcement. Consequently, the Commission has sought to acquire the tools and adequate resources to monitor the market and to enforce the laws against those who contravene their letter and intent. The effort to put a new securities legislative regime in place is a critical element of the Commission’s strategy.

Finally, in our review of the approach to regulation, the Commission has considered the question of what would be the appropriate regulatory (institutional) structure for Trinidad and Tobago. Among the options that are available would be the formation of a single regulatory agency in accordance with the model in operation in the UK or perhaps a different approach such as the one that is followed in Australia and that is being considered to some extent in the US. In this latter model two regulatory agencies are established – a prudential regulator and a market conduct regulator. The Commission will produce a report on this subject during the current financial year.

MESSAGE FROM THE CHAIRMAN (CONT'D)

It is against this background that we must consider the achievements of the Commission over the past financial year to which this report refers.

MARKET DEVELOPMENTS

At the end of the financial year 2007/2008 the Composite Index stood at 1065.62 as compared to 936.57 at the end of the previous financial year, an increase of 13.8 percent. Most of this increase took place in the four months April to July, with the Index peaking at 1174.56 in late July, having increased by some 17 percent in that period, to be followed by a period of consistent decline that lasted to the end of the financial year in September and continued on to December 2008.

During the period of the rally between April and July two developments occurred that may have helped to improve market sentiment. Firstly, the Stock Exchange introduced five-day trading on April 1, 2008 thereby offering investors and market participants two additional days on which to conduct trading.

A second contributor to the rally may have been the amalgamation of RBTT Financial Holdings Limited with the Royal Bank of Canada. This transaction, valued at \$13.8 billion, was originally announced in October 2007, approved by shareholders in February 2008 and consummated in June 2008. Once the transaction had been completed RBTT Financial Holdings was delisted from the Stock Exchange, removing some \$12.6 billion of market capitalisation or 10.91 percent of the market’s valuation.

Two other take-over transactions may have impacted the market during the year. The first was the acquisition of Barbados Shipping and Trading by Neal and Massy which began in 2007 and ended in March 2008. The second was the acquisition of Barbados Farms Limited by Sagicor Financial Corporation. Notwithstanding these transactions the rally proved short-lived.

Towards the end of the financial year the market’s performance as well as its medium term prospects dimmed considerably against the backdrop of the unfolding crisis in global financial markets and as the outlook for the Trinidad and Tobago economy weakened in the face of advancing global recession.

The problems for global financial markets were triggered by the bursting of the US housing bubble, which then revealed large exposures by banks and institutional investors to toxic derivative assets built on poorly underwritten mortgages. The problems were quickly transmitted throughout Europe and other regions of the world. Although local financial institutions and institutional investors had no significant exposures to the direct effects of the crisis, the market’s confidence nevertheless appeared to be shaken by the scale and severity of the events abroad.

By the close of the financial year a declining trend appeared to be well entrenched, with the Composite Index declining by 9 percent in the final two months, August and September.

MESSAGE FROM THE CHAIRMAN (CONT'D)

DEVELOPMENTS IN REGULATION

THE PROPOSED SECURITIES ACT

The Commission has prepared and delivered to the Minister of Finance its recommendations for the proposed Securities Act to replace the Securities Industries Act, 1995 and conducted a further round of public consultation in May and June 2008 on the proposed legislation.

The first consultation was held on May 9, 2008 at Rovanel's, Crown Point, Tobago. The feature speaker was Dr. Anselm London, Secretary of Finance and Enterprise Development, Tobago House of Assembly (THA).

The second consultation followed on May 13, 2008 at the Crowne Plaza, Port of Spain. Presentations were delivered by the Financial Planning Association, the Securities Dealers Association and CariCris, a credit rating agency. Participants included members of the business, finance and legal fraternities.

A third consultation was held on June 3, 2008 at the Crowne Plaza exclusively for the legal fraternity. The session was conducted by the Legal Advisory and Enforcement Division of the Commission.

Comments from the participants at all three consultations, some of which were submitted to the Commission in writing, were taken into account in making amendments to the Draft submitted to the Minister of Finance.

The proposed Securities Act brings the securities regulatory regime to the level of best international practice, giving the Commission the ability to adapt to the evolving financial landscape and is guided by the three principles as set out by the International Organization of Securities Commissions (IOSCO):

- (i) the protection of investors,
- (ii) ensuring that markets are fair, efficient and transparent, and
- (iii) the reduction of systemic risk.

The proposed Securities Act effectively increases the powers of the regulator and provides for greater transparency through increased disclosure obligations, while providing enhanced enforcement tools in the form of increased penalties, disgorgement (the repayment of ill-gotten gains) and the ability of investors to take civil action against reporting issuers for misrepresentations. The Act further advances accountability and integrity, by requiring that persons entrusted with fiduciary responsibility such as directors and senior officers of public companies can be held responsible for a reporting issuer's failure to comply with its disclosure obligations.

The proposed Act also strengthens the capacity to regulate cross-border financial activity by providing the Commission with the power to cooperate with regulatory authorities at local, regional and international levels in investigations and in connection with prosecutions. This strengthens the Commission's ability to effectively prosecute all violations of its securities laws whether by local or international market actors.

MESSAGE FROM THE CHAIRMAN (CONT'D)

In keeping with the standards of international practice, the proposed Securities Act will also require insiders to report their ownership of and transactions in securities of issuers of which they are insiders. This public reporting would provide valuable information to the market and minimise the possibilities of insider abuse.

GUIDELINES

The Commission has in the past few years been developing and, in consultation with market participants, issuing guidelines in a number of areas in order to strengthen the regulation of the market and to keep pace with its development. After an extended period of consultation, the Collective Investment Scheme Guidelines were issued for the guidance and effective regulation of the market.

In addition the following Guidelines are being finalised for issue during the course of the 2008/2009 financial year:

- Draft Guidelines on Insider Reporting;
- Draft Guidelines for Repurchase Agreements (Repos);
- Draft Guidelines for Structured Products;
- Draft Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT);
- Draft Guidelines for Employee and Management Stock Ownership Plans (ESOPs/MSOPs);
- Draft Guidelines for Securitised Instruments.

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

DEPOSITARY RECEIPTS

In 2008 the Commission prepared and submitted to the Minister of Finance, draft By-Laws establishing a regulatory framework for the issue of Trinidad and Tobago Depositary Receipts (TTDRs). Depositary Receipts (DRs) are securities that would be issued and traded in Trinidad and Tobago and would represent equity or debt traded in a foreign jurisdiction.

The RBC/RBTT transaction provided impetus for the Commission to prepare a legal framework for the introduction of DRs so that the reduction of market capitalisation on the stock exchange as a result of that transaction would not have affected the size of the market.

The proposed By-Laws contemplate a framework that allows and actively encourages unsponsored DR programmes since attracting sponsored DRs and listings was seen as potentially challenging in the short term. In an unsponsored programme DRs are issued by a depositary agent without a formal agreement with the foreign share issuer.

MESSAGE FROM THE CHAIRMAN (CONT'D)

The establishment of the regulatory framework for DRs creates the potential for the introduction of new securities in the marketplace. It could also enable regional and institutional investors to achieve greater diversification of their investment portfolios without having to leave the local capital market.

RULES OF PRACTICE FOR HEARINGS AND SETTLEMENTS

In order to improve the efficiency of its enforcement procedures, the Commission caused Rules of Practice for Hearings and Settlements to be implemented under section 21 of the Securities Industry Act 1995. On May 14, 2008 the Rules received the necessary approval by the Minister of Finance and became effective upon publication on June 13, 2008.

INVESTIGATIONS AND ENFORCEMENT

During the year the Commission substantially advanced its work in respect of two (2) ongoing investigations and concluded a third investigation into certain matters of insider trading in relation to the shares of Trinidad Cement Limited. The Commission also initiated enquiries into a number of matters that came to its attention through the surveillance process or that were otherwise referred. These included matters dealing with:

- The conduct of an investment adviser;
- A shareholder's failure to report a purchase of securities in accordance with the Securities Industry (Take-Over) By-Laws, 2005; and
- Persons allegedly attempting to distribute securities to the public without first having registered the said securities.

ORGANIZATIONAL DEVELOPMENTS

As the securities market expands and grows more complex the Commission has been working to strengthen and modernize its information management infrastructure in order to enhance its work processes and its ability to deliver the services required under its mandate. To this end the Commission's strategy has focussed on the deployment of electronically driven new technologies for the more efficient management of its internal information and records and for monitoring the market. These include:

- Electronic Records Management System (ERMS), an enterprise wide system designed to provide the Commission's staff with efficient access to all physical and electronic documents that form the records of the Commission;
- A Registration Database to allow for the collection, organization and management of information on all registrants and securities issued;

MESSAGE FROM THE CHAIRMAN (CONT'D)

- The Collective Investment Schemes (CIS) Monitor which would facilitate electronic filing of operational reports by mutual funds and allow for better analysis of trends in that sector as well as for improved compliance monitoring;
- Enhancement of the Securities Market Watch, the Commission's electronic market surveillance system, to allow for the monitoring of trends in the Jamaican market. The Commission is working on a similar capability with respect to the Barbados stock market.

The Commission also continued to build capacity through training and development of staff in investigative techniques and other regulatory areas. The Commission also acted as host to a Regional Capital Market Development Workshop, a training initiative attended by participants from across the Caribbean and the Latin American region and staff of the Commission.

CHANGES IN THE BOARD OF COMMISSIONERS

There was one change to the Board of the Commission during the year. Commissioner Brigid Annette-George, who became a member of the Board on August 20, 2003, demitted office upon being appointed Attorney General of Trinidad and Tobago and was replaced by Commissioner Marsha King.

ACKNOWLEDGEMENT

I take this opportunity to extend my thanks to all members of the Board of the Commission and to the management and staff whose commitment to this still young and growing institution has enabled it to achieve another successful year as an organization, while contributing to the growth and stability of Trinidad and Tobago's securities markets. The challenges ahead will undoubtedly demand more of the same.



OSBORNE NURSE
Chairman

SECURITIES AND FINANCIAL MARKET DEVELOPMENTS

DEVELOPMENTS IN THE INTERNATIONAL MARKET

In fiscal year 2007/2008, the international economy experienced a severe credit crunch, which has had repercussions throughout the global economy. During the year the international financial sector continued the decline which started in July 2006, and resulted in the collapse of several investment banks, including Lehman Brothers and Merrill Lynch, and a drastic fall in stock markets worldwide. The Dow Jones fell by 22.97 percent over the period, while the London FTSE fell by 25.93 percent and the German DAX fell by 26.39 percent. By the close of the financial year in September 2008, banks in both the US and Europe had to be rescued from collapse, principally through government intervention. There was also a slowdown in economic growth worldwide, bringing several economies to the verge of recession by September, 2008.

The current crisis had its origins in the US sub-prime housing sector where defaults arising from rising interest rates and poor underwriting ultimately led to the collapse of the markets for derivatives and similar sophisticated investment products. As the crisis worsened, a number of venerable global financial institutions including UBS of Switzerland, Citicorp, Merrill Lynch and AIG either collapsed completely, were merged with other major institutions or found themselves seeking financial support from their governments.

In response, governments and central banks around the world pumped significant cash injections into their banking and financial sectors in an effort to provide liquidity, avoid global systemic failure and restore public confidence in the system.

Notwithstanding these efforts, which included the reduction of interest rates, the global squeeze on credit was not significantly eased and by December 2008 major manufacturing corporations, most notably the US auto makers, were also seeking financial assistance from governments.

To a considerable extent the sharp decline in public confidence was reflected in stock market performances with the Dow Jones falling by over 16 percent in the period January to September 2008, and continuing to fall in the subsequent quarter to end the year some 32.71 percent lower than its January 2008 opening value. The problems experienced in the financial sector have begun to seriously affect the performance of the global economy fuelling expectations of severe recession led by the significant reduction in US consumption expenditure.

On November 6, 2008 the International Monetary Fund issued an updated economic forecast, which predicted a world recession in 2009, with world output growing by just 2.2 percent.

The global financial crisis is almost certain to lead to major changes in the regulation of the financial sector both globally and in various domestic jurisdictions. Among the changes that are likely to be required are:

- the tightening of oversight of the activities of credit rating agencies and investment banks;
- more stringent application and enforcement of capital standards;
- a heightened emphasis placed by regulators on surveillance and examination of market participants; and, perhaps
- the restructuring of regulatory authorities, especially in the United States.

SECURITIES AND FINANCIAL MARKET DEVELOPMENTS (CONT'D)

REGIONAL MARKET DEVELOPMENTS

JAMAICA STOCK MARKET

Despite a promising rally in the first quarter of the fiscal year the Jamaica stock market turned in a relatively weak performance for the year as a whole with stock prices, as measured by the Jamaica Stock Exchange (JSE) Market Index, rising by just 4.71 percent for the period (Figure 1). This represented a marked slowdown from the previous fiscal year when stock prices rose by 13.19 percent. In the three (3) months to December 2007 the JSE Market Index posted a strong rise of 12.1 percent, buoyed by positive corporate earnings and by speculation surrounding two pending acquisitions – Lascelles de Mercado by Angostura Holdings Limited and RBTT Financial Holdings Limited by Royal Bank of Canada. The advancing trend extended to February 20, 2008 when the Index peaked at the level of 114,356.11, 18.75 percent above the year's starting value of 96,299.84.

Figure 1: JSE Market Index: Oct 1, 2007 - Sep 30, 2008



In March 2008 the market suffered a sharp reversal that saw the Index surrender 7.19 percent of its initial gains. This turnaround appeared to be influenced by an increase in interest rates by the Bank of Jamaica (BOJ) which had the effect of diverting investments out of equities and into fixed-income instruments. A subsequent moderate rally lasted only until June 2008, following which the market began trending downward to record a loss of 7 percent in the three months to September 2008.

The overall weak performance of the Jamaica market in fiscal 2008 was a reflection of developments in the Jamaican economy which was affected by a weakening of the tourism and bauxite mining sectors and by a slowdown in remittances from abroad as global conditions deteriorated and earnings expectations for listed companies declined.

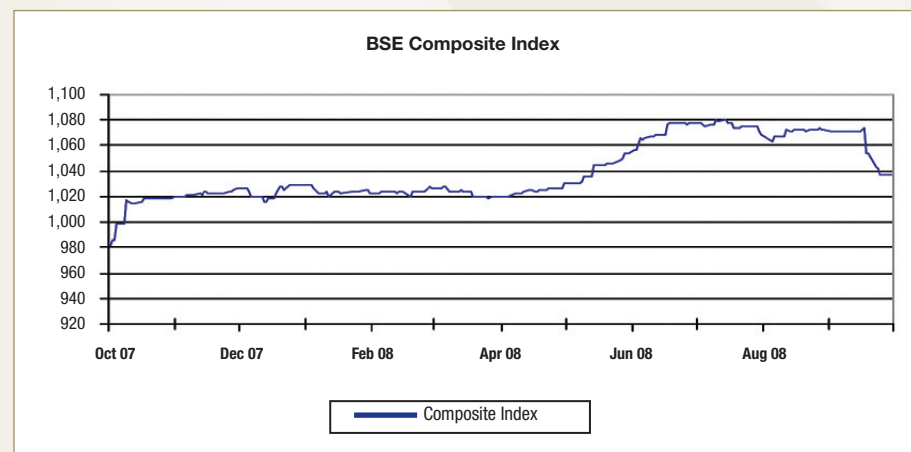
SECURITIES AND FINANCIAL MARKET DEVELOPMENTS (CONT'D)

BARBADOS STOCK MARKET

The Barbados Stock Exchange Composite Index recorded an increase of 5.6 percent over the year to September 2008, marginally below the gain of 5.9 percent measured in the previous fiscal year. However, while prices managed to maintain their moderate upward momentum there was a significant decline in market capitalisation.

This was mainly on account of the delisting of Courts (Barbados) Limited, which was acquired by Cobalt Holdings Company Limited, and the delisting of RBTT Financial Holdings Limited. The decline in market capitalisation measured 13.82 percent for the year.

Figure 2: Barbados Stock Exchange Composite Index:
Oct 1, 2007 - Sept 30, 2008



TRINIDAD AND TOBAGO SECURITIES MARKET DEVELOPMENTS

TRINIDAD AND TOBAGO STOCK MARKET

The Trinidad and Tobago Stock Exchange (TTSE) Composite Index achieved an historical high in early 2005 before it started to decline in the latter part of the year. Although the Index has increased since 2006 it still has not returned to the level of early 2005 even after the significant activity in the period April to July 2008 when the Index increased by 17.16 percent. The Trinidad and Tobago stock market continued its recovery in the 2007/08 fiscal year as the Composite Index posted a gain of 13.78 percent compared with 7.8 percent in the previous fiscal year. Over the course of the year the Index rose from an opening value of 936.57 to close at 1065.62. Nevertheless, the market's performance was marked by a high degree of volatility with stock prices rising by as much as 25.4 percent in the first ten months of the period before a change in market sentiment caused prices to decline by 9.3 percent from their peak in July 2008 when the Index reached as high as 1174.56.

SECURITIES AND FINANCIAL MARKET DEVELOPMENTS (CONT'D)

A number of factors may have contributed to the positive overall performance. Among these was the approval by Parliament in September, 2007 of the Insurance (Amendment) Act, 2007, which made it possible for pension plans to increase their investment in equities.

Shortly thereafter, on October 2, 2007 there was an announcement of the proposed acquisition of RBTT Holdings Limited by the Royal Bank of Canada for a total purchase price of TT\$13.8 billion. This transaction was concluded in June 2008. A further contributor to the heightened activity in the April-July period may have been the increase in the number of the trading days on the TTSE from 3 per week to 5 per week.

Trading activity may also have benefited from the generally liquid conditions that characterised the financial system during the period as strong government spending gave rise to substantial liquidity injections into the system. Rising inflation and negative real interest rates permitted the stock market to offer investors the potential to earn positive real returns not available from investments in money market instruments. Inflation moved from a year-on-year rate of 7.27 percent at the beginning of the period to 14.75 percent at the end of September 2008.

The Central Bank's efforts to control liquidity helped sustain interest rates at relatively high levels with the 3-month Treasury Bill rate fluctuating around 7 percent for the entire year. The CBTT also raised the cash reserve requirement of commercial banks and increased the policy interest rate – the Repo rate – while using sales of government bonds to specifically target liquidity absorption in a bid to dampen credit expansion and inflation.

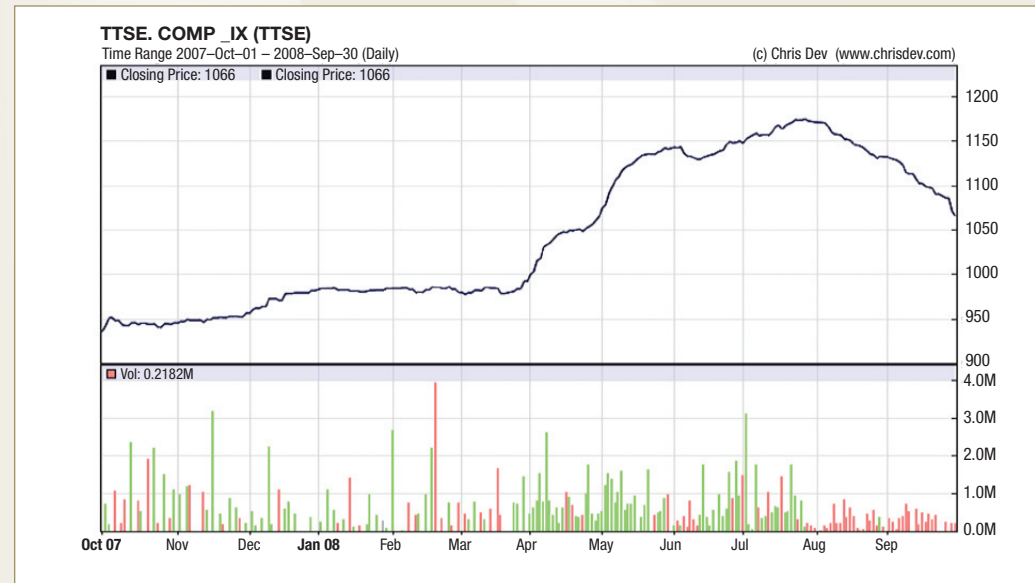
In addition to the above, general economic conditions may also have contributed to the performance of the market.

Despite the positive overall performance over the twelve months to September 2008 the market ended the period on a declining note as seen in Figure 3. The turnaround in the fortunes of the market coincided with the emergence of the credit crisis in the US, the spillover effects of which gave rise to a contraction of liquidity in global credit markets, a deepening of recessionary trends throughout much of the global economy and international stock market declines. These events appeared to cast a shadow over the local market as trading volumes declined and prices began to weaken. The average daily trading volume for August-September was 332,700, less than half the average of 801,140 for the previous ten months signalling that investors had adopted a cautious approach.

At the close of the fiscal year the challenges facing the domestic market had not disappeared, with a worsening global economic outlook expected to affect both the domestic economy through weakening energy prices, and expected negative performance of the tourism-dependent regional economies which provide a large market for Trinidad and Tobago's exports. The domestic stock market therefore faced the prospect of a further dampening in activity in line with the expected weakening of economic conditions.

SECURITIES AND FINANCIAL MARKET DEVELOPMENTS (CONT'D)

Figure 3: TTSE Composite Index: Oct 1, 2007 - Sept 30, 2008



In spite of the global slowdown the performance of companies listed on the TTSE was generally positive with twenty-four (24) of the forty-one (41) stocks posting price gains of 1.25 percent to 342 percent, while only eleven (11) posted negative returns for the period. The remaining six (6) stocks were unchanged. *Tables 1 and 2* list the top five gainers and losers for the period.

Table 1: Top 5 Gainers: October 2007 - September 2008

Gainers	Last Price	Change (%)
Readymix Limited	31.60	341.9
Mora Ven Holdings	9.99	157.4
National Enterprises Limited	11.20	83.47
ANSA Merchant Bank Limited	34.50	57.68
PLIPDECO	12.05	50.63

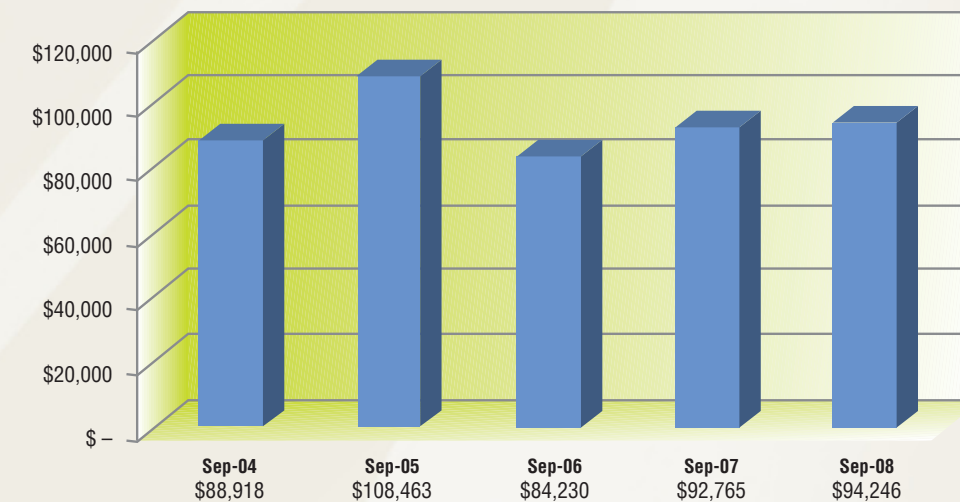
Table 2: Top 5 Losers: October 2007 - September 2008

Losers	Last Price	Change (%)
Prestige Holdings Limited	3.75	-34.90
Capital and Credit Financial Group	0.72	-20.88
Praetorian Property Mutual Fund	4.49	-10.20
Guardian Holdings Limited	23.96	-7.85
First Caribbean International Bank	10.25	-7.66

SECURITIES AND FINANCIAL MARKET DEVELOPMENTS (CONT'D)

Over the course of the fiscal year there was a small rise of 1.6 percent in market capitalisation, from \$92,765 million on October 1, 2007 to \$94,246 million as at September 30, 2008, well below the 10.1 percent increase recorded in fiscal year 2007 over fiscal year 2006 (*Figure 4*). Market capitalisation peaked at \$103,814 million on July 28, 2008, just before the market entered a period of downturn that continued to the end of the year.

Figure 4: TTSE Market Capitalisation (TT\$M): 2004 - 2008



MUTUAL FUNDS

Mutual fund assets under management continued to grow at a steady rate averaging about 18 percent per year over the last seven years and 17 percent in the most recent period. The number of unit holders also grew in the current year by a healthy 7.26 percent.

The mutual fund industry enjoyed \$32.25 billion in sales while redemptions totalled \$29.2 billion resulting in net sales of \$3.05 billion for the fiscal year ending September 2008. The importance of mutual funds as a savings vehicle can be seen in relation to the level of total deposits held by commercial banks, historically the most dominant savings institutions in the economy. As at September 30, 2008, total commercial bank deposits stood at \$52.8 billion, while the total funds under management of the mutual fund industry stood at \$41.4 billion, or 44 percent of the total savings represented by these two sources.

Among other things, the introduction of mutual funds into this market was expected to lead to greater and wider participation of investors in the stock market. However, over 70 percent of the funds under management in the industry is invested in relatively short-term instruments in income or money market funds. Only 7 percent is invested in local equities.

SECURITIES AND FINANCIAL MARKET DEVELOPMENTS (CONT'D)

Figure 5: Mutual Funds (TT\$M) – Funds under Management: 2002 - 2008



MERGERS AND ACQUISITIONS

RBC/RBTT

One of the year's high-profile transactions was the amalgamation between RBTT Financial Holdings and the Caribbean subsidiary of Royal Bank of Canada (RBC) which was finalised on June 16, 2008. This transaction which was valued at TT\$13.8 billion (US\$2.2bn) was approved by shareholders on March 26, 2008. The total per share consideration for the transaction was TT\$40.00 which was paid out to shareholders in a combination of cash (60 percent) and RBC ordinary shares (40 percent). The cash payment was expected to result in inflows of approximately TT\$8.3 billion or US\$1.3 billion to shareholders. In anticipation of this sizeable cash inflow the Government of Trinidad and Tobago (GOTT) issued a bond valued at TT\$1.2 billion in June 2008 with the aim of absorbing some of the excess liquidity in the local financial system.

Trading in RBTT shares was suspended on the regional stock exchanges including on the TTSE on June 2, 2008, pending delivery of the consideration to shareholders. The share was delisted on June 17, 2008 which had a significant impact on the local stock exchange. On its last day of trading on May 29, 2008 the RBTT share represented 10.91 percent or \$12.6 billion of the total capitalisation on the first-tier market. Apart from the RBTT/RBC amalgamation the following four (4) cross-border mergers and acquisitions were completed in the financial year.

NEAL & MASSY/BS&T

The acquisition of Barbados Shipping and Trading (BS&T) by Neal and Massy Holdings Ltd (NML) in the first quarter of 2008 held the attention of the public for much of 2007 and early 2008. At the time of closing of the take-over offer on December 17, 2007 a total of 43 million BS&T shares representing 56.6 percent of that company's issued and outstanding shares had been tendered to NML bringing the total number of shares acquired by NML to 84.6 percent. However, despite this support for the deal NML was initially unable to complete the transaction on account of legal actions brought against it by the Barbados Securities Commission and by its rival bidder, Ansa McAI.

These legal actions involved a series of cease-trade orders issued by the Barbados Securities Commission against NML which barred trading in the BS&T shares and effectively prevented the local conglomerate from taking up and paying for the shares. These matters were eventually settled in the High Court of Barbados through a consent order which authorized NML to commence proceedings in respect of its take-over bid for BS&T under specific terms and conditions as specified by the consent order.

Shareholders of BS&T who voted in favour of the take-over received their remuneration on February 18, 2008 based on NML's revised cash-equity offer of Bds\$8.50 in which up to 50 percent of the Bds\$8.50 offer price was paid out in cash and the rest at an exchange ratio of 1 NML share to 2.75 BS&T shares.

The transaction was initiated in June 2007 and completed in February 2008. At the end of the transaction, NML had acquired over 90 percent of the issued shares of BS&T which was listed on both the Barbados and Trinidad and Tobago Stock Exchanges. As of September 30, 2008, BS&T had not yet requested that its shares be removed from listing on either exchange.

MERGERS AND ACQUISITIONS (CONT'D)

SAGICOR/BARBADOS FARMS LTD.

Sagicor Financial Corporation (SFC) and CLSS Holdings (a Barbadian-based subsidiary of the Clico Group) also engaged in strong competitive bidding for the purchase of Barbados Farms Limited (BFL) in late 2007. In the end, SFC was successful in its bid to gain a majority shareholding (77 percent) in BFL. To satisfy the equity portion of this transaction, SFC issued 10,319,818 common shares to the value of \$159.9 million on the stock exchange on April 20, 2008.

ANGOSTURA/LASCELLES DE MERCADO

Angostura Holdings Ltd successfully acquired Jamaican rum company Lascelles de Mercado in a two-tiered deal which consisted of an initial payout of US\$4.50 per ordinary share and a deferred portion of US\$4.75 per ordinary share. The transaction was completed on July 28, 2008.

RESTRUCTURING OF CCMB

Elsewhere in the region, the Jamaican company Capital and Credit Merchant Bank (CCMB) was restructured into a wholly-owned subsidiary of its parent group, Capital and Credit Financial Group Limited (CCFG). As part of the restructuring scheme ordinary shares in CCMB were exchanged for ordinary shares in CCFG, its parent company and CCMB preference shares. The CCFG ordinary shares created pursuant to this transaction were listed on both the TTSE and JSE on May 15, 2008, the same day the CCMB ordinary shares were de-listed on the respective exchanges.

INSTITUTIONAL DEVELOPMENTS

There were two major institutional developments during the year in the domestic securities market, including the introduction of secondary bond trading on January 28, 2008 and the introduction of five-day trading in April.

INTRODUCTION OF A SECONDARY MARKET FOR GOVERNMENT BONDS

In January 2008 the TTSE and the Central Bank of Trinidad and Tobago (CBTT) launched a secondary market for the trading of Government securities. The trading platform provided the mechanism for government securities to move from investors in the primary market to a wider range of end-investors including retail investors.

The establishment of such a platform was intended to improve the pricing process for Government securities while acting as a primer for other fixed-income securities markets such as corporate bonds. Bond Trading Rules were then developed by the TTSE in conjunction with the CBTT to establish appropriate standards for the registration of brokers and traders in these securities.

Since the launch of the secondary market in Government bonds on January 28, 2008 trading on the Stock Exchange in these instruments has been minimal, with participants appearing reluctant to use the facilities of the Exchange. As at September 30, 2008, twenty-nine (29) trades which had a total value of \$161.3 million (see Table 3) were recorded. This reluctance to trade may in part reflect the concern by institutional investors that the market is insufficiently liquid to enable them to replenish their portfolios as the need arises.

Table 3: Secondary Bond Market Activity: 2008

Date	Volume	Value (\$)	Trades
25.01.08	101	\$ 85,842	2
22.02.08	1,000	\$ 1,028,112	1
29.02.08	6,500	\$ 6,594,553	1
11.04.08	4,500	\$ 4,455,000	1
15.04.08	6,327	\$ 6,327,000	2
09.05.08	120	\$ 120,421	1
04.06.08	14,020	\$ 14,142,915	1
16.07.08	14,000	\$ 14,050,630	1
22.07.08	13,065	\$ 13,129,967	2
24.07.08	22,000	\$ 22,432,167	3
30.07.08	50,200	\$ 50,912,151	5
21.08.08	766	\$ 767,915	6
05.09.08	18,630	\$ 18,630,000	1
12.09.08	125	\$ 125,000	1
26.09.08	8,460	\$ 8,460,000	1
Total	159,814	\$ 161,261,673	29

INSTITUTIONAL DEVELOPMENTS (CONT'D)

One possible contributory factor may be the fact that the planned publication of a schedule for the issue of Government bonds has not occurred. Publication of such a schedule was expected to encourage greater liquidity and trading in this market.

INTRODUCTION OF FIVE-DAY TRADING ON THE STOCK EXCHANGE

As of April 1, 2008 the TTSE increased the number of trading days from three to five. This initiative brought the local exchange in line with its counterparts in Jamaica and Barbados. The move was expected to enhance the liquidity of the stock market and following its implementation there was a marked increase in trading volumes. In the 6-month period commencing April 1, 2008 the volume of trading was 34.4 percent higher than in the previous six months, rising to a total of 80.0 million shares from 59.5 million shares in the earlier period.

ASSET ALLOCATION OF COLLECTIVE INVESTMENT SCHEMES (CIS)

The collective investments schemes (CIS) industry has evolved from a single-fund, single-firm industry in 1981 to become a thriving financial sub-sector consisting of 304 mutual funds managed by 16 firms in 2008. Over that period funds under management have grown impressively to position collective investment schemes as a major challenger to the traditional dominance of commercial banks whose total deposits of \$52.8 million (September 2008) continue to make them the largest mobilizers of savings in the Trinidad and Tobago economy. However, with funds under management of \$41 billion collective investment schemes are now more than three quarters the size of the banking sector and have achieved undoubted systemic importance with savings equal to 27 percent of estimated 2008 GDP.

In October 2008 the Commission undertook a survey of registered collective investment schemes or mutual funds with a view to assessing the risk profile of the industry in the context of the instability being experienced in global financial markets. The data captured by the survey reflected the asset allocations of the collective investment schemes as at September 30, 2008. The profile emerging from the survey showed that, by and large, registered collective investment schemes were conservatively positioned with respect to market risk and foreign currency exposure. For the most part, fund managers appeared to rely on investment strategies that favoured home-based, fixed-income securities, thereby substantially avoiding the risks associated with volatile equity investments and exchange rate instability. A highlight of the data was a significant \$7.67 billion exposure to the US economy, though this is mitigated by the fact that over a half of this, \$3.9 billion, was securely invested in US government securities. As developments in the US have shown, risks to the more than \$3 billion invested in US corporate fixed-income securities cannot be discounted.

On balance, however, the strong home bias of the current investment portfolio, its generally well-diversified structure and the emphasis on fixed-income, and in particular government securities auger well for the short- to medium-term stability of the CIS sector.

OVERALL PORTFOLIO STRUCTURE

The foregoing assessment is borne out by the following features of the asset allocation of collective investment schemes:

- Funds under management totalled approximately \$41 billion;
- Of this amount \$31.3 billion or 76 percent was in fixed-income securities originating mainly in Trinidad and Tobago;
- Trinidad and Tobago government securities accounted for \$12.3 billion or 30 percent of fixed-income investments;
- Equities constituted \$2.9 billion or 7 percent of CIS assets;
- The mix of equity investments included 85 percent local and 9.6 percent US equities.

ASSET ALLOCATION OF COLLECTIVE INVESTMENT SCHEMES (CIS) (CONT'D)

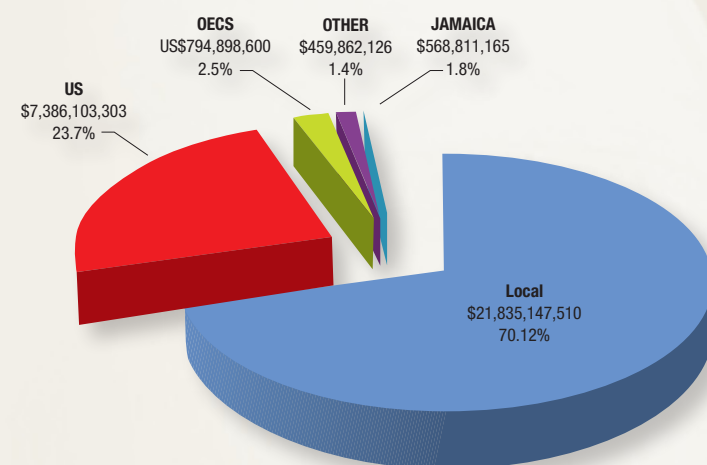
Table 4: Mutual Fund Assets by Category

Asset Category	Value ('000,000)	%	Asset Category	Value ('000,000)	%
Fixed Income	31,394.6	76.3	Promissory Notes	312.6	0.8
Equity	2,961.6	7.2	Private Equity	1,311.6	3.2
Cash	598.0	1.4	Mutual Fund	605.4	1.5
Asset Backed Securities	2,091.6	5.1	Floating Rate Bond	556.8	1.3
Repos	1,160.2	2.8	Credit to Institutions	53.9	0.1
Commercial Paper	32.5	0.1	Bankers Acceptances	78.5	0.2

FIXED INCOME INVESTMENTS

While fixed-income securities are not immune to market risks, in particular the risk of mark-to-market shifts in value arising from interest rate changes, they do provide, other things being equal, some assurance of income stability in an environment of declining interest rates. Fixed-income securities constituted 76 percent of the total assets of collective investment schemes as at end-September, 2008, with government and quasi-government fixed-income securities accounting for \$17 billion or 41 percent of CIS funds under management. Consequently, as central banks across the world lowered interest rates in the latter half of 2008 in an effort to stave off economic recession, this feature of the investment portfolio of registered collective investment schemes would have provided a level of income protection.

Figure 6:
Fixed Income Investments



ASSET ALLOCATION OF COLLECTIVE INVESTMENT SCHEMES (CIS) (CONT'D)

In addition, as shown in Figure 6, the bulk of fixed-asset investments held by collective investment schemes (70.2 percent) were Trinidad and Tobago securities, with US-issued securities accounting for a further 23.7 percent. Investments in the region constituted 6 percent of the total, with Jamaica accounting for the largest individual share of 1.8 percent. The significance of this pattern of investments is touched on below in relation to foreign currency risk exposure of collective investment schemes.

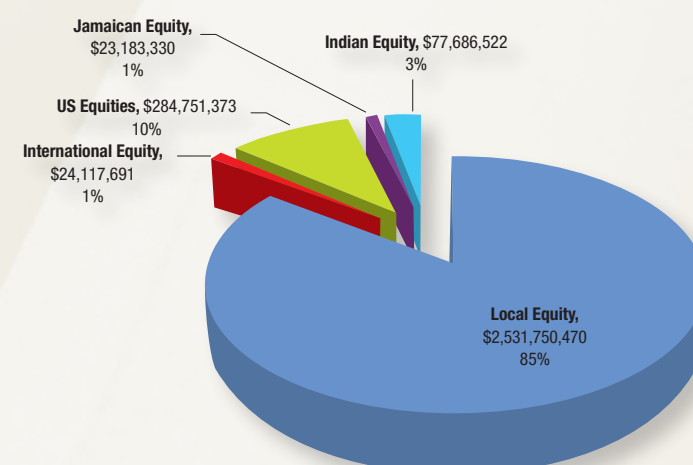
EQUITY HOLDINGS

Equities consisted of approximately \$3.0 billion or 7 percent of CIS funds under management. As in the case of fixed-income securities equity investments were heavily skewed towards the domestic market, with local equities accounting for 85 percent of the total. US equities accounted for the next largest share of 10 percent (\$284.8 million) while investments in the Indian market claimed a 3 percent share (\$77.7 million).

The strong local concentration of their equity investments meant that collective investment schemes were significantly exposed to trends in the domestic stock market. In 2008 the local Composite Index experienced strong gains over the first eight months of the year, particularly in the period April to July. On a year-on-year basis to September 2008 the Index posted a gain of 13.8 percent but all of these gains were eroded over the next three months when the Index declined by 20.9 percent.

Other international stock price indices of relevance to the portfolios of registered collective investment schemes displayed similar patterns in 2008. The Dow Jones Industrial, which gauges the performance of US industrial stocks, fell by 32.7 percent in 2008 while the Bombay Index fell by 52.5 percent.

Figure 7:
Mutual Fund Industry Equity Holdings



ASSET ALLOCATION OF COLLECTIVE INVESTMENT SCHEMES (CIS) (CONT'D)

PORTFOLIO DIVERSIFICATION

Collective investment schemes were generally well diversified in their asset holdings although there were a few instances of investment concentrations of more than 10 percent in a particular security or issuer. The Commission's Guidelines for Collective Investment Schemes speaks to this principle in Section 19 which relates to the purchase of securities.

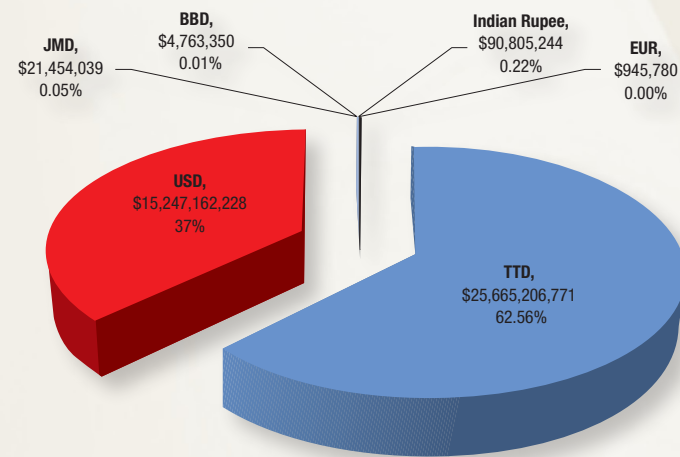
This section essentially prohibits the purchase of a security if the purchase would increase the fund's holdings of that security to more than 10 percent of the fund's net assets. While portfolio values may fluctuate there is value in ensuring an adequate diversification as reflected in CIS Guideline 19. This will require portfolio managers to more actively manage their portfolios.

FOREIGN CURRENCY EXPOSURE

Foreign currency exposure can be a major source of investment risk particularly in a climate of global financial instability such as emerged in the latter half of 2008. However, for the most part the assets of locally registered mutual funds were held in TT dollars, which accounted for 62.6 percent of their combined portfolios. A further 37.2 percent of assets were held in US dollars. Since April 1993 the TT dollar has been floating against the US dollar but in practice has remained closely aligned to that currency, with little variance around the central rate of TT\$6.30 = US\$1.

The industry's exposure to foreign currency risk therefore appeared to be limited to the industry's marginal holdings of assets denominated in the Indian Rupee, Jamaican dollar, Barbados dollar and the Euro.

Figure 8:
CIS Industry Currency Holdings



ASSET ALLOCATION OF COLLECTIVE INVESTMENT SCHEMES (CIS) (CONT'D)

CONCLUSION

Registered collective investment schemes appear to have followed conservative investment strategies that place a premium on the minimization of risk, even at the expense of yield. The overall risk profile of the CIS industry does not suggest much cause for concern, although some funds with an investment focus in such areas as real estate and mortgage-backed securities may need to consider adopting more diversified investment strategies. Nevertheless, the Commission is reasonably reassured that the market as a whole is well placed to continue operating soundly in the present environment.

MANAGEMENT DISCUSSION

DEVELOPING AND DELIVERING PROGRAMMES OF INVESTOR EDUCATION

As in previous years the Commission maintained an active investor education programme during the fiscal year ended September 2008. The programme evolved in the face of strong public interest sparked by developments in the market such as the acquisition of RBTT Holdings Limited by the Royal Bank of Canada, efforts by the Commission to introduce a regime for the issue and trading of depositary receipts, public consultations on the new Securities Act and the emergence of the global financial crisis.

In fiscal year 2007/2008, the Commission's Investor Education Programme focussed on these areas:

- The role and function of the Securities and Exchange Commission;
- Rights and responsibilities of investors;
- Things to consider before investing;
- Information on different types of investment products;
- How to determine risk/return profile;
- Understanding the relationship between one's investment horizon, the potential to earn good returns and the need to mitigate risk;
- How to detect scams.



(Left to Right, Back): **Charles de Silva** – Deputy General Manager, **Osborne Nurse** – Chairman and CEO, **Kurt Headley** – Director Disclosure Registration & Corporate Finance.
(Front): **Lindi Ballah-Tull** – Director, Legal Advisory & Enforcement, **Arlene Popplewell-Stephen** – Manager Communications, **Hazel Ramsingh-Persad** – Director Corporate Services, **Lystra Lucillio** – Director Information Management.

MANAGEMENT DISCUSSION (CONT'D)

The Commission's programme was targeted mainly to youth, special purpose groups and adults in the work place. Given this emphasis the Commission's staff conducted twenty-one (21) outreach sessions at six (6) schools, one (1) NGO and eight (8) government ministries up to the end of September 2008 on the areas mentioned above.

Sessions were held with students from forms five to six (16-19 years) in an effort to inculcate in them the underlying concepts related to wealth creation even before they enter the job market. Over 506 students benefited from this programme. Other sessions targeting adults focussed on saving, investing and retirement planning and were attended by over two-hundred (200) adults in the workplace.

During the course of the year the Commission collaborated with the Central Bank of Trinidad and Tobago's National Financial Literacy Programme to take advantage of the programme's wide reach and connect with a more extensive audience. The collaboration took the form of joint public presentations, media appearances and advertising support, thereby contributing to the Commission's own investor protection objective.

REGISTRATION OF MARKET ACTORS AND SECURITIES

REGISTRATION DATABASE

During the year the Commission embarked on the development and implementation of a registrant database that would allow it to collect, organize and manage information on all its registrants and securities issues related to these registrants in a more streamlined manner.

The exercise involved the transfer into the database of historical records of all registrants dating back to the inception of the Commission. The extensive and detailed data coverage provided by the application was intended to allow classified users to access and generate reports on a timelier basis.

The database, for example, would now allow the staff of the Commission to easily generate a report on registration filing contraventions. Moreover, the capabilities now exist to track expired, late and revoked registrations of market actors so that the Commission may more effectively monitor compliance under the Act and take enforcement action, where necessary. In addition, the Commission would be better prepared to meet its statutory obligations to inform the public on the status of all registrants and registered securities.

REGISTRATION OF MARKET ACTORS AND REPORTING ISSUERS

The total number of registrants which comprised market actors and reporting issuers increased from a total of 190 as at September 2007 to 203 at the end of the 2007-2008 financial year (see Table 5). The increase in registrations of brokers was partly on account of the introduction of a secondary market for the Government of Trinidad and Tobago bonds in January 2008.

MANAGEMENT DISCUSSION (CONT'D)

Table 5: Market Actors and Reporting Issuers Registered with the Commission: 2007-2008

Class of Registration	As at Sept 30, 2008	As at Sept 30, 2007
Market Actors		
Brokers	29	20
Dealers	2	2
Investment Advisers	24	27
Securities Companies	31	27
Self-Regulatory Organizations	2	2
Traders	19	19
Underwriters	3	7
Total Market Actors	110	104
Other		
Reporting Issuers	93	86
Total Registrants	203	190

REGISTRATION OF SECURITIES

During the financial year the Commission registered seventy-five (75) securities, an increase of twenty (20) over the fifty-five (55) securities registered in 2006-2007. The total value of securities registered with the Commission in the reporting period was approximately \$22 billion, up from \$7.8 billion in the previous fiscal year.

The large increase in the value of securities registered was as a result of merger and acquisition activity which resulted in the issue of shares and bonds to finance the respective transactions. In addition there was an Initial Public Offering (IPO) by a new reporting issuer, Supreme Ventures Limited, which required the registration of share capital to conclude the related transactions. Of the \$22 billion in new securities registered for the period equity securities accounted for approximately \$14.5 billion.

DEBT SECURITIES

There was an increase in market activity within the local debt market over the course of the financial year. Nineteen (19) debt securities – including fourteen (14) fixed-rate bonds, four (4) issues of commercial paper and one (1) loan note – with an aggregate value of TT\$6.4 billion were registered with the Commission during the fiscal period as compared to thirteen (13) securities valued at TT\$6.2 billion in the 2006/2007 fiscal year.

Of the nineteen (19) issues, seventeen (17) were denominated in local currency. These had an aggregate value of TT\$5.7 billion representing 89.77 percent of the value of debt issues over the

MANAGEMENT DISCUSSION (CONT'D)

period. The remaining two securities were denominated in US dollars and had an aggregate value of US\$103.1 million or TT\$650 million, accounting for 10.23 percent of the value of all debt issues.

In contrast to the previous years private sector companies were the largest issuers of debt securities in terms of both the number and value of issues. A total of TT\$3.68 billion (57.90 percent) was raised by the private sector through fourteen (14) issues, with the largest being a TT\$1 billion bond issued by Republic Bank Limited. Among the fourteen (14) were four (4) issues of commercial paper with an aggregate value of TT\$175 million.

The central government, statutory bodies and state enterprises accounted for five (5) issues of debt securities with an aggregate value of \$2.68 billion. This represented 42.10 percent of the total value of debt issued over the period. These public sector debt issues were used in part to fund major developmental and infrastructure projects for the Urban Development Corporation, Housing Development Corporation and the Water and Sewerage Authority.

There was a single issue by the central government during the year. This was valued at TT\$1.2 billion and was targeted specifically at liquidity absorption in a bid to curb inflationary pressures.

There was a noticeable absence of debt issues by regional governments, statutory or corporate entities during the period.

DERIVATIVES

There was a marked increase in activity in the derivatives market with the number of registrations of these securities rising to ten (10) from three (3) in the previous year. These securities were comprised of certificates of interest and certificates of participation based on fixed-rate bonds and loans. The value of securities registered more than doubled from \$603 million to \$1.3 billion. All but one of the derivatives registered were denominated in TT dollars, the exception being a US\$27.8 million certificate of interest in a fixed-rate loan note issued by the Airports Authority of Trinidad and Tobago.

EQUITIES ISSUES

During the financial year the Commission registered thirty-two (32) equity issues representing 3.7 billion shares with an aggregate value of approximately \$14.5 billion. This constituted a significant increase in both the volume and value of equity offerings, relative to the previous financial year when 77 million shares were registered with an estimated value of \$1.04 billion. The equity securities in the current period were distributed pursuant to stock option plans for management, executives and employees (23), a rights issue (1), a cross listing (1) and mergers and acquisitions (7) (see Table 7).

MANAGEMENT DISCUSSION (CONT'D)

Table 6: Securities Registered by the Commission, October 2006 - September 2008

Class of Securities	Oct 1, 2007 - Sept 30, 2008	Oct 1, 2007 - Sept 30, 2008 TT\$m	Oct 1, 2006 - Sept 30, 2007	Oct 1, 2006 - Sept 30, 2007 TT\$m
Equity issues	32	14,484.0	28	1,041.3
Debt Securities	19	6,352.0	13	6,202.0
Derivative (Debt) Securities	10	1,247.0	3	603.4
Mutual Funds	14	–	11	–
Total	75	22,083.0	55	7,846.7

Table 7: Equity Issues by Type: October 2007 - September 2008

Equity Issues	No. of issues (‘000,000)	No. of shares (‘000,000)	Value
ESOPs/MSOPs	23	5.2	71.1
Rights issues	1	10.8	102.7
Mergers	7	1,018.4	13,661.4
Cross Listing	1	2,637.2	649.8
Total	32	3,671.6	14,484.9

ISSUES PURSUANT TO STOCK COMPENSATION PLANS

In recent years the majority of equity securities registered with the Commission have been issued pursuant to stock compensation plans. This trend continued in the financial year with twenty-three (23) of the thirty-two (32) equity issues during the year having been issued under the said plans for management, executives and employees. These plans accounted for 5.2 million shares with an aggregate value of \$71.1 million.

MERGERS AND ACQUISITIONS

Transactions related to mergers and acquisitions were a major source of new issue activity on the local primary market for equity securities. In the twelve months to September 2008 the Commission registered seven (7) new equity issues pursuant to three (3) major amalgamation transactions: Royal Bank of Canada (RBC) and RBTT Financial Holdings, Capital Credit and Merchant Bank (CCMB) and Capital and Credit Financial Group Limited (CCFG) and Sagicor Financial Corporation (SFC) and Barbados Farms Limited (BFL). Approximately one billion shares were registered for issue pursuant to these three (3) transactions, which represented 27.8 percent of the total shares issued for the year while their combined value (\$13.7 billion) represented over 94 percent of the total value of shares issued.

MANAGEMENT DISCUSSION (CONT'D)

The first of these amalgamations involved RBC and RBTT Financial Holdings Limited. Arising from this transaction, RBC Holdings (Trinidad and Tobago) Limited, a special purpose vehicle wholly owned by RBC was incorporated to facilitate the payment of the compensation to RBTT shareholders. Under this structure, 18.9 million preference shares in RBC (Holdings) Trinidad and Tobago were issued to RBTT shareholders and subsequently redeemed for 18.9 million ordinary shares in RBC, which were also a new issue. These share transactions were valued at approximately \$13.4 billion or 92.2 percent of the total value of equities issued over the period.

Another major amalgamation transaction which involved Capital and Credit Merchant Bank Limited (CCMB) and Capital and Credit Financial Group Limited (CCFG) resulted in the issue of 42.7 million redeemable preference shares in (CCMB) and 927.6 million ordinary shares in CCFG in accordance with the compensation arrangement surrounding this transaction. These two equity issues by CCMB and CCFG amounted to approximately \$149.4 million and accounted for a minimal 1 percent of the total value of equities issued during the period.

The final amalgamation transaction involving the take-over of Barbados Farms Limited (BFL) by Sagicor Financial Company (SFC) resulted in the issue of 13.3 million ordinary shares in SFC for an approximate value of Bds\$53.1 million (TT\$159.9 million).

RIGHTS ISSUE

On September 12, 2008, the Commission registered 10,811,642 ordinary shares in Agostini's Limited valued at \$10.7 million pursuant to a two (2) for five (5) rights issue. This issue subsequently proved to be unsuccessful.

CROSS LISTING

The Commission approved the registration of 2.6 billion shares of Supreme Ventures Limited (SVL) for a total value of TT\$649.8 million on August 29, 2008. SVL, a Jamaican gaming and lotteries company had already been listed on the JSE and was cross-listed on the stock exchange on October 16, 2008.

COLLECTIVE INVESTMENT SCHEMES (CIS)/MUTUAL FUNDS

The Commission registered fourteen (14) collective investment schemes during the period October 2007 to September 2008. Of these, nine (9) were local funds and five (5) were foreign, originating in Jamaica, St Lucia and Luxembourg. The funds registered included equity, bond, income and balanced funds, and were denominated in TT, US and Jamaican dollars. The US currency remained the predominant currency for registered mutual funds of both local and international origin. Nine (9) out of the fourteen (14) funds were denominated in US dollars, three (3) funds being denominated in TT currency and two (2) funds denominated in Jamaican dollars (see Tables 8, 9 & 10). As at September 30, 2008 there were three hundred and four (304) funds registered with the Commission, of which sixty-four (64) were local and two hundred and forty (240) foreign. However, two hundred and fifteen (215) of these foreign funds were inactive.

MANAGEMENT DISCUSSION (CONT'D)

Table 8: Mutual Funds Registered by Type: 2005-2008

Type of Fund	2008	2007	2006	2005
Equity Fund	7	1	3	8
Income and Growth				1
Growth Fund			1	
Income Fund	4	1	2	
Fund of Funds		4		
Collective Investment Schemes		2		
Bond Fund	2	2		
Index Funds		1		
Balanced Fund	1			
Energy Fund			2	
Retirement/Pension Fund				1
Other			1	
Total	14	11	9	10

Table 9: Mutual Funds Registered by Currency: 2005-2008

Currency	2008	2007	2006	2005
TT Dollar	3	4	6	3
US Dollar	9	6	3	6
Jamaican Dollar	2			1
Australian Dollar		1		
Total	14	11	9	10

Table 10: Mutual Funds Registered by Country of Origin: 2005-2008

Country of Origin	2008	2007	2006	2005
Trinidad and Tobago	9	7	8	5
Jamaica	3			4
Cayman Islands		1		1
Ireland			1	
Barbados		2		
Australia		1		
Luxembourg	1			
St. Lucia	1			
Total	14	11	9	10

MANAGEMENT DISCUSSION (CONT'D)

MONITORING MARKET DEVELOPMENTS AND BEHAVIOUR

INVESTIGATIONS AND ENFORCEMENT

The Commission continued to exercise surveillance over the securities market while at the same time working to improve and refine its electronic and other surveillance capacity and systems for monitoring market activity. During the year the Commission substantially advanced its work in respect of two investigations initiated earlier. The Commission also initiated enquiries into a number of matters that came to its attention through the surveillance process or that were otherwise referred. These included matters relating to:

- failure to report the purchase of securities in possible contravention of the Securities Industry (Take-Over) By-Laws, 2005;
- possible share price manipulation;
- attempts to distribute securities to the public without having first registered the said securities;
- engagement in activities that appeared to pose a conflict of interest;
- failure by a broker to execute trading instructions thereby occasioning loss to the client.

The Commission's Market Regulation and Surveillance Division also received six (6) complaints from members of the public but, with one exception, these were not formalized or documented by the complainants, making it difficult for them to be pursued. The one formal complaint that was received was resolved to the satisfaction of the complainant following intervention by the Commission. This emphasizes the importance of persons submitting formal complaints to the Commission on market abuses.

During the year the Commission concluded its investigations into certain allegations of insider trading in relation to shares of Trinidad Cement Limited (TCL). While the investigation found evidence of unacceptable market conduct, the Commission, on the advice of counsel, decided to close the matter without seeking to bring actions against any persons of interest.

COLLECTIVE INVESTMENT SCHEMES (CIS) MONITOR

The Commission continued its work on the development of its "CIS Monitor" which it expects to launch formally by May 2009. The Monitor has been designed as a web-based application that would allow mutual fund managers to file monthly and annual financial and operational reports with the Commission electronically using the internet. This would allow the Commission to maintain a repository of industry information on-line that would be available to the fund managers and other segments of the public for information and analysis.

The Monitor contains data including funds under management, the number of unit holders, monthly sales, redemptions and other performance related information. Users will be able to analyse data by fund type and by issuing manager as well as other characteristics of the data, including information on the governance structures of mutual funds and on the allocation of assets across the industry and

MANAGEMENT DISCUSSION (CONT'D)

by fund and fund type. The application therefore, would provide the staff of the Commission with the ability to more efficiently analyse and report on the performance of the mutual funds industry and to monitor compliance with the Collective Investment Schemes (CIS) Guidelines.

COMPLIANCE WITH CAPITAL REQUIREMENTS

Sound prudential standards are critical to the safe and stable operation of financial institutions. The requirement to hold adequate levels of capital has long been a key pillar of the prudential governance of banks, insurance companies, and other financial institutions and is equally important in the securities industry as a buffer against losses and excessive risk taking.

At present, the capital adequacy requirements in the governing securities legislation for Trinidad and Tobago establish fixed minimum levels of capital for the various regulated activities undertaken by licensed market actors¹. The Commission has also issued to underwriters and issuers of asset-backed securities guidelines that establish additional capital requirements for these entities. At present, underwriters must demonstrate that they have net assets of 5 percent of the value of the securities they are proposing to underwrite, whereas issuers of asset-backed securities must demonstrate that they either own the underlying security or have the capacity to acquire 8 percent of it. This requirement ensures that market actors have the capacity to cover liabilities and losses arising from credit and operational risk, thereby protecting the investor.

The Commission ensures that underwriters and issuers of asset-backed securities are in compliance with these regulatory capital requirements at the point of registration of each transaction.

The Commission's data indicate that in the 2007/2008 fiscal year market registrants generally operated in compliance with the capital adequacy requirements, with only one instance of a reporting entity failing to maintain the statutory minimum level of capital. Across the various categories of securities companies – underwriters, dealers and brokers, the Commission noted full compliance with the requirements. The data also revealed that not only were registrants generally in compliance with the law, but also, that by and large they held large cushions of excess capital, above and beyond the required levels. As shown in *Table 11*, for the various classes of registrants the median level of capital held was several times the minimum level required.

In the case of securities companies the required minimum level varies with the extent of activities being undertaken. For those carrying on the business of a brokerage only the requirement stands at \$400,000 but increases to \$1 million for those whose business extends to equities and other securities. If the company's business activities extend to other regulated activities in addition to brokerage the minimum capital requirement rises to \$5 million.

In reviewing compliance with these requirements the Commission found that for companies required to hold a minimum of \$5 million the median level held was \$86.7 million and the lone company whose required minimum was \$400,000 held capital equal to \$17.8 million. In the case of

¹ There are no capital requirements provisions specific to traders under the governing legislation given that an individual trader can only operate under the supervision of a broker within a securities company.

MANAGEMENT DISCUSSION (CONT'D)

investment advisers whose required level was \$50,000 the median level of capital held was \$437,654. No individual member of any group fell short of the minimum requirement.

The capital requirements for brokers consist of minimum capital levels for brokers in equities only (\$50,000), brokers in equities and other securities (\$500,000) and brokers in securities other than equities only (\$500,000). Under the present framework independent brokers are required to hold the required funds in lien in fixed or other deposits accounts with a licensed financial institution and in the form of securities as approved by the Commission. In the case of brokers operating under a securities company, the securities company must provide evidence that it holds the required minimum level of capital applicable for the broker. For the twenty-four (24) brokers attached to securities companies, seventeen (17) deal in equities only and seven (7) deal in securities other than equities. As indicated above, securities companies are heavily over capitalized in relation to their statutory requirements, implying more than adequate capital coverage for their brokerage activities.

In the case of underwriters whose required minimum level of capital was \$5 million, the median level of capital maintained was \$1.5 billion. The compliance review also showed that the two dealers registered with the Commission maintained capital levels that were well in excess of the prescribed minimum level of \$5 million.

These results provide the assurance that the law is being observed and that registrants are in general very well capitalized in relation to existing requirements. However, the large margins of excess capital suggest that the existing requirements may be inadequate in relation to the scale and scope of financial activities being undertaken by various classes of registrants. It should be noted as well that the existing capital adequacy standards are not risk based. A critical medium-term objective of the Commission therefore, will be to develop a revised capital adequacy framework that more realistically reflects the risks being carried on the books of its various registrants.

Table 11: Existing Capital and Required Minimum Level of Capital
(Data derived from the financial statements of the reporting entities)

Class and Number of Registrants	Capital Requirement (\$'000)	Median level of Capital held by Registrants (\$'000)
Securities Companies (31)		
30	5000	86,741
1	400	17,817
Investment Advisers (18)	50	437
Dealers (2)	5000	Not Applicable
Underwriters (3)	5000	1,487,554

MANAGEMENT DISCUSSION (CONT'D)

OPERATIONS OVERVIEW

TECHNOLOGY

The Commission has identified a number of strategic new initiatives and has restructured and repositioned its IT function within the organization to provide the required support. These initiatives include:

- electronic data collection;
- electronic record management;
- monitoring and surveillance; and
- the provision of online services.

The Commission views this new direction as critical to its ability to remain an effective regulator in an increasingly sophisticated market environment. These initiatives would result in the Commission being more efficient and more responsive to stakeholder needs including the demand for greater access to accurate and timely information.

STAFFING, TRAINING AND DEVELOPMENT

The Commission's staff complement increased from thirty-nine (39) to forty-three (43) over the course of the year. The Commission has concentrated its HR efforts on improving its recruiting and selection strategy to attract and retain motivated employees with the right knowledge, skills and attitude to further the goals and objectives of the Commission. This approach is of critical importance in a competitive environment for financial professionals.

The Commission makes significant investments each year in training and development. The Staff of the Commission at all levels of the organization, attended one hundred and twenty-eight (128) training programmes of which one hundred and twelve (112) were local and sixteen (16) overseas. Programmes included Global Financial Market Trends, Anti-Money Laundering and Combating the Financing of Terrorism, Advanced Forensic Accounting and Fraud Detection.

In March 2008 the Commission organised and hosted a Regional Capital Market Development Workshop in conjunction with the United States Securities and Exchange Commission (USSEC) and Caribbean Regional Technical Assistance Center (CARTAC). Participants included twenty-two (22) members of staff and forty-three (43) participants from Securities Regulators across the Caribbean and Latin American region. Technical expertise was provided by the USSEC with partial funding from CARTAC and USAID. The workshop allowed participants to discuss a number of areas of immediate and widespread concern in the Latin American and Caribbean Capital Markets, including:

- Challenges of Securities Regulation and Capital Market Development in Emerging Markets;
- Offering Fraud: Pyramid, Ponzi, Prime Bank and Affinity Schemes;
- Regional Harmonization and Cooperation;
- Market Manipulation;

MANAGEMENT DISCUSSION (CONT'D)

- Basic Investigative Techniques;
- Corporate Governance;
- Insider Trading;
- Cross-Border Mergers and Acquisitions;
- Corporate Finance and Financial Reporting.

This event also provided an opportunity for discussion among regional counterparts and members of the public on the topic of "Regional Harmonization and Cooperation among Regulators."

As in previous years, the Commission participated in the leading international and regional forums on the development and regulation of the securities markets. These included the International Organization of Securities Commissions (IOSCO) Annual Conference and Technical Committee Meetings, Council of Securities Regulators of the Americas (COSRA) and the Caribbean Group of Securities Regulators forum (CGSR).

EVALUATION OF INVESTOR EDUCATION PROGRAMME

EVALUATION OF INVESTOR EDUCATION

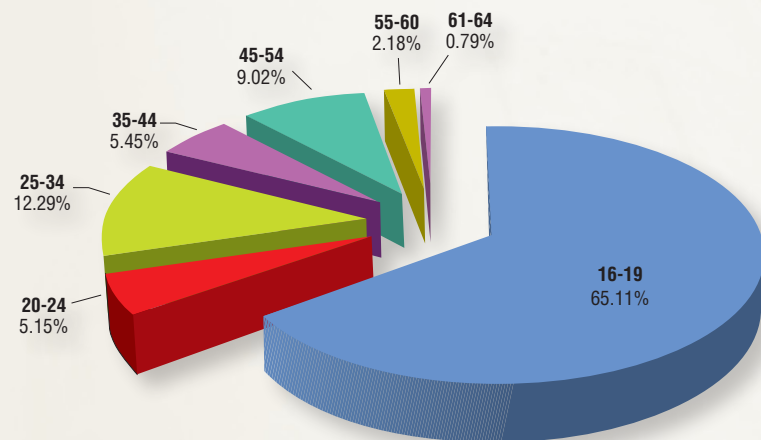
Investor education is a key mandate of the Commission. It is also an important way in which the Commission contributes to investor protection and to improved regulation of the market as informed investors can be a critical source of market discipline and restraint on potential market abuse.

The Commission's ongoing Investor Education Programme has generally focused on developing a more literate financial consumer who can make informed and suitable personal investment decisions, while avoiding the pitfalls and dangers that can arise in the form of unregistered financial products as well various scams and fraudulent investment schemes. While the programme has been broadly targeted it has often placed special focus on younger investors and potential investors who can themselves be effective channels for the dissemination of investor education to a wider audience. In an effort to extend the reach of its programme the Commission has partnered with the National Financial Literacy Programme of the Central Bank of Trinidad and Tobago. The collaboration took the form of joint public presentations, media appearances and advertising support, thereby contributing to the Commission's own investor protection objective.

In 2008 the Commission measured the impact and effectiveness of its investor education programme by conducting surveys of programme participants. A total of 368 participants, 75 percent of whom were female and the majority of whom were young adults in the 16-19 year age group, were surveyed both before and after the outreach sessions. The surveys suggested that most young people were unskilled in managing their personal finances.

While almost all persons surveyed indicated a level of interest in savings and investing with 46 percent describing their interest as high, most respondents admitted to having limited knowledge of matters related to investments.

Figure 9:
Demographic of Investor Education Programme



STAFF OF THE COMMISSION



(Left to Right, Back to Front):
 Row 1: Leslie Clarke, Carol Noel, Afeisha Hewitt-Titus, Kevin Deopersad
 Row 2: Craig Cumberbatch, Krystal Francette, Michelle Ifill, Suresh Gobin
 Row 3: Frank Isaac, Timothy Mar, Nina Antoine, Anderson Sooparlie
 Row 4: Amberlene Joseph, Janine Carrera, Danielle Rampersad, Arlene Francis

STAFF OF THE COMMISSION (CONT'D)



(Left to Right, Back to Front):

Row 1: Curlene James, Khaleel O'Brien, Ava Solomon, Raphael Romany
 Row 2: Patrice Hernandez, Ria Badree, Rachael Rampersad, Rosalind King
 Row 3: Brenton Trim, Noel Nero, Tayeb Bostic
 Row 4: Mariella Woodruffe, Melissa Nancis, Charmaine Howard

STAFF OF THE COMMISSION (CONT'D)



(Left to Right, Back to Front)

Row 1: Cheryl Cameron, Gerard Pierre
 Row 2: Darcelle Barran, Kolette Walters, Bevan Gibson

MISSING PERSONS

Ayoub Barcoo, Abigail Baird, Reshma Guptar, Cindy Phillip, Clint Warren, Deborah Boynes

APPENDICES

MARKET ACTORS AND REPORTING ISSUERS REGISTERED
WITH THE COMMISSION FOR THE PERIOD OCTOBER 1, 2007
– SEPTEMBER 30, 2008: TABLES A1 – A8

Table A1: BROKERS

Brokers	Company
1	Akan, Myrnelle V. AIC Securities Limited
2	Alexander, Lisa-Maria Dehring, Bunting & Golding (Trinidad) Limited
3	Ali, Salma West Indies Stockbrokers Limited
4	Alleyne, Harold Caribbean Stockbrokers Limited
5	Carrera-Justiz, Francisco Independent
6	Clarke, Peter Independent
7	Dabarsie, Karen Citicorp Merchant Bank Limited
8	Fadahunsi, Lai AIC Securities Limited
9	Gosein, Godfrey Republic Securities Limited
10	Husain, Syed Samie Independent
11	Johnson, Alvin Caribbean Stockbrokers Limited
12	Khodai, Keshwar First Citizens Bank Limited
13	Lashley, Maria Trinidad and Tobago Unit Trust Corporation
14	Maharaj, Varun Ansa Merchant Bank Limited & Ansa Securities Limited
15	Manmohan, Adrian West Indies Stockbrokers Limited
16	Mayers, Robert Caribbean Money Market Brokers Limited
17	Montes, Francisco Independent
18	Mullings, Donovan Bourse Brokers Limited
19	Narine, Ian Dehring Bunting and Golding (Trinidad) Limited
20	Padmore, Winston Independent
21	Pariagh, Edgar CMMB Securities and Asset Management Limited
22	Quashie, Theron RBTT Merchant Bank Limited
23	Ramkhelawan, Subhas Bourse Securities Limited
24	Salvary, Brent CMMB Securities and Asset Management Limited
25	Seebaran, Madree Bourse Securities Limited
26	Seepersad, Suzanne FirstCaribbean International Bank (Trinidad and Tobago) Limited
27	Sheppard, George West Indies Stockbrokers Limited
28	St. Louis, Leslie CMMB Securities and Asset Management Limited
29	Tang Nian, Stephen RBTT Merchant Bank Limited

Table A2: DEALERS

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

APPENDICES (CONT'D)

Table A3: INVESTMENT ADVISERS

Investment Advisers	
1	Caribbean Investment Management Company (Trinidad) Limited
2	Clewitt, Nigel
3	Colonial Life Insurance Company (Trinidad) Limited
4	Douglas, George Robert
5	Dynamic Equity Limited
6	FCL Financial Limited
7	FirstCaribbean International Bank (Trinidad & Tobago) Limited
8	Funds International Limited
9	Global Financial Brokers Limited
10	Golding, Jon
11	Guardian Life of the Caribbean Limited
12	Intelligent Investment Services Limited
13	International Wealth and Investment Network Limited
14	Marquis Portfolio Managers Limited
15	Mondial (Trinidad) Limited
16	Mottley, Wendell
17	Rambarran, Anston Jwala
18	RBTT Asset Management Limited
19	RBTT Financial Advisers Limited
20	Republic Securities Limited
21	The Beacon Asset Management Limited
22	Valley, Kenneth
23	Vega Capital Management Limited
24	Welthecon Investment Managers Limited

Table A4: REPORTING ISSUERS

Reporting Issuers	
1	Add Venture Capital Fund Limited
2	Agostini's Limited
3	AIC Corporate Funds Inc.
4	Airports Authority of Trinidad and Tobago
5	Alstons Limited
6	Angostura (Barbados) Limited
7	Angostura Holdings Limited
8	Angostura Limited
9	ANSA McAL Limited

APPENDICES (CONT'D)

Table A4: REPORTING ISSUERS (Cont'd)

Reporting Issuers	
10	Ansa Merchant Bank Limited
11	Berger Paints Trinidad Limited
12	BWIA West Indies Airways Limited
13	Capital & Credit Merchant Bank Limited
14	Capital and Credit Financial Group Limited
15	Caroni (1975) Limited
16	Citibank (Trinidad and Tobago) Limited
17	Citicorp Merchant Bank Limited
18	CLICO Investment Bank Limited
19	Development Finance Limited
20	Dynamic Equity Fund II Limited
21	Dynamic Equity Venture Fund Limited
22	Empresa Generadora de Electricidad Haina, S.A. (EGE Haina)
23	First Citizens Asset Management Limited
24	First Citizens Bank Limited
25	FirstCaribbean International Bank Limited
26	Flavorite Foods Limited
27	FNCU Venture Capital Company Limited
28	Fortress Caribbean Property Fund
29	Furness Trinidad Limited
30	GraceKennedy Limited
31	Guardian Holdings Limited
32	Intercommercial Bank Limited
33	Jamaica Money Market Brokers Limited
34	Jamaica Public Service Company
35	L.J. Williams Limited
36	La Brea Industrial Development Company Limited
37	Life Settlements Funds Limited
38	Mega Insurance Company Limited
39	Mora Ven Holdings Limited
40	National Commercial Bank Jamaica Limited
41	National Enterprises Limited
42	National Flour Mills Limited
43	National Insurance Property Development Company Limited
44	National Maintenance Training and Security Company Limited

APPENDICES (CONT'D)

Table A4: REPORTING ISSUERS (Cont'd)

Reporting Issuers	
45	Neal & Massy Holdings Limited
46	Nestle Trinidad and Tobago Limited
47	One Caribbean Media Limited
48	Pan Caribbean Asset Management Limited
49	Phoenix Park Gas Processors Limited
50	Point Lisas Industrial Port Development Corporation Limited
51	Port Authority of Trinidad and Tobago
52	Prestige Holdings Limited
53	Public Transport Service Corporation
54	RBC Holdings (Trinidad and Tobago) Limited
55	RBTT Bank Barbados Limited
56	RBTT Bank Limited
57	RBTT Finance Limited
58	RBTT Financial Holdings Limited
59	RBTT Merchant Bank Limited
60	Readymix (West Indies) Limited
61	Republic Bank Limited
62	Republic Finance and Merchant Bank Limited
63	Royal Bank of Canada
64	Royal Skandia Life Assurance Limited
65	Sagicor Financial Corporation
66	Sagicor Funds Incorporated
67	Sagicor Merchant Limited
68	Schroder Investment Management (Luxembourg) S.A
69	Scotia DBG Investments Limited
70	Scotiabank Trinidad & Tobago Limited
71	St Christopher Air and Sea Ports Authority
72	St. Kitts Urban Development Corporation Ltd
73	Supreme Ventures Limited
74	TCL Leasing Limited
75	TCL Service Limited
76	Telecommunications Services of Trinidad and Tobago Limited
77	The Barbados Shipping & Trading Company Limited
78	The Home Mortgage Bank
79	The National Football Stadium Company Limited
80	The Vehicle Management Corporation of Trinidad & Tobago Ltd.
81	The West Indian Tobacco Company Limited

APPENDICES (CONT'D)

Table A4: REPORTING ISSUERS (Cont'd)

Reporting Issuers	
82	Tourism & Industrial Development Company of T&T Limited
83	Transjamaican Highway Limited
84	Trinidad & Tobago Housing Development Corporation
85	Trinidad & Tobago Unit Trust Corporation Limited
86	Trinidad Cement Limited
87	Trinidad Publishing Company Limited
88	Trinidad Select Index Fund Limited
89	Unilever Caribbean Limited
90	Unit Trust Corporation (Cayman) SPC Limited
91	Urban Development Corporation of Trinidad & Tobago Limited
92	Valpark Shopping Plaza Limited
93	Water & Sewerage Authority

Table A5: TRADERS

Traders	Company	
1	Basdeo, Roshan	Bourse Securities Limited
2	Bridgewater, Joanne	Republic Securities Limited
3	Eve, Patricia	Republic Securities Limited
4	Gajadar, Kerry	Caribbean Stockbrokers Limited
5	Inniss-Bernard, Judy	Republic Securities Limited
6	Lackan, Rajesh	Republic Securities Limited
7	Lamy, Lorin Shereece	AIC Securities Limited
8	Mahabirsingh, Sherma	Caribbean Money Market Brokers Limited
9	Ramnath-Singh, Gail	Caribbean Stockbrokers Limited
10	Savary, Hilary	AIC Securities Limited
11	Thomas, Rowland Marc	Dehring, Bunting and Golding (Trinidad) Limited
12	Vieria, Lisa Ann	AIC Securities Limited
13	Melville, Cecilia	Citicorp Merchant Bank Limited
14	Ghany, Rianna Sarah	First Citizens Bank Limited
15	Wallace, Chivonne	First Citizens Bank Limited
16	Salloum, Christiane	CMMB Securities and Asset Management Limited
17	Martineau, Dan	Ansa Merchant Bank Limited
18	Wells-Fraser, Bernadette	AIC Securities Limited
19	Ramkhelawan, Sarodh	Bourse Brokers Limited

APPENDICES (CONT'D)

Table A6: UNDERWRITERS

Underwriters	
1	RBTT Merchant Bank Limited
2	FirstCaribbean International Bank (Trinidad & Tobago) Limited
3	FirstCaribbean International Bank (Bahamas) Limited

Table A7: SECURITIES COMPANIES

Securities Company Name	Classes of Business	
1	AIC Capital Market Brokers Limited	Dealer, Investment Adviser, Underwriter
2	AIC Securities Limited	Broker, Dealer, Investment Adviser, Underwriter
3	Ansa Merchant Bank Limited	Dealer, Investment Adviser, Underwriter
4	Ansa Securities Limited	Broker (G), Dealer, Investment Adviser, Underwriter
5	Bourse Brokers Limited	Broker, Dealer
6	Bourse Securities Limited	Broker, Dealer, Investment Adviser, Underwriter
7	Caribbean Money Market Brokers Limited	Broker, Dealer, Investment Adviser, Underwriter
8	Caribbean Stockbrokers Limited	Broker, Dealer, Investment Adviser, Underwriter
9	Citicorp Merchant Bank Limited	Broker (G), Dealer, Investment Adviser, Underwriter
10	Clico Investment Bank Limited	Investment Adviser, Underwriter
11	CMMB Securities and Asset Management Limited	Broker, Dealer, Investment Adviser, Underwriter
12	Dehring, Bunting and Golding (Trinidad) Limited	Broker, Dealer, Investment Adviser, Underwriter
13	Development Finance Limited	Dealer, Investment Adviser, Underwriter
14	First Citizens Asset Management Limited	Dealer, Investment Adviser, Underwriter
15	First Citizens Bank Limited	Broker (G), Investment Adviser, Underwriter
16	First Citizens Securities Trading Limited	Dealer, Investment Adviser, Underwriter
17	First Global (Trinidad and Tobago) Limited	Dealer, Investment Adviser, Underwriter
18	FirstCaribbean International Bank (Trinidad & Tobago) Limited	Broker (G)
19	Firstline Securities Limited	Dealer, Investment Adviser, Underwriter
20	General Finance Corporation Limited	Dealer, Investment Adviser, Underwriter
21	Guardian Asset Management Limited	Dealer, Investment Adviser, Underwriter
22	RBTT Merchant Bank Limited	Dealer, Underwriter
23	Republic Bank Limited	Dealer, Investment Adviser, Underwriter
24	Republic Finance and Merchant Bank Limited	Underwriter
25	Republic Securities Limited	Broker
26	Sagicor Life Inc.	Dealer, Investment Adviser, Underwriter
27	Sagicor Merchant Limited	Dealer, Investment Adviser, Underwriter

APPENDICES (CONT'D)

Table A7: SECURITIES COMPANIES (Cont'd)

	Securities Company Name	Classes of Business
28	Scotiabank Trinidad & Tobago Limited	Underwriter
29	Scotiabank and Merchant Bank Trinidad and Tobago Limited	Dealer, Investment Adviser, Underwriter
30	Trinidad and Tobago Unit Trust Corporation	Broker (G), Dealer, Investment Adviser, Underwriter
31	West Indies Stockbrokers Limited	Broker, Dealer, Investment Adviser, Underwriter

Table A8: SELF-REGULATORY ORGANIZATIONS

	Self-Regulatory Organizations
1	The Trinidad and Tobago Stock Exchange Limited
2	The Trinidad and Tobago Central Depository Limited

APPENDICES (CONT'D)

Table A9: EQUITIES REGISTERED BY THE COMMISSION:
OCTOBER 1, 2007 - SEPTEMBER 30, 2008

Company	Issue Type	Equity Type	Securities Registered	Total Share Issue	Value of Securities Registered (TT\$)	Registration Date
Royal Bank of Canada	Amalgamation	Ord	Common Shares (pursuant to the Amalgamation of Royal Bank of Canada and RBTT Financial Holdings Limited)	18,100,000	6,430,158,000	1-Feb-08
RBC Holdings (Trinidad and Tobago) Limited	Amalgamation	Pref	Redeemable Preference Shares Pursuant to the Amalgamation of Royal Bank of Canada and RBTT Financial Holdings Limited	18,100,000	6,430,158,000	4-Mar-08
Sagicor Financial Corporation	Amalgamation	Ord	Ordinary Shares of Sagicor Financial Corporation (pursuant to Sagicor's Take-Over Bid for Barbados Farms Limited)	10,319,819	159,957,200	10-Mar-08
Capital & Credit Merchant Bank Limited	Amalgamation	Pref	Cumulative Redeemable Preference Shares (pursuant to Amalgamation of CCFG & CCMB)	42,743,978	6,582,573	8-Apr-08
Capital and Credit Financial Group Limited	Amalgamation	Ord	Ordinary shares (Pursuant to amalgamation of CCFG & CCMB)	927,565,945	142,845,156	8-Apr-08
RBC Holdings (Trinidad and Tobago) Limited	Amalgamation	Pref	Redeemable Preference Shares (pursuant to the Amalgamation of Royal Bank of Canada and RBTT Financial Holdings Limited)	800,000	245,827,180	13-Jun-08

Ord = Ordinary; Pref = Preference

APPENDICES (CONT'D)

Table A9: EQUITIES REGISTERED BY THE COMMISSION:
OCTOBER 1, 2007 - SEPTEMBER 30, 2008 (Cont'd)

Company	Issue Type	Equity Type	Securities Registered	Total Share Issue	Value of Securities Registered (TT\$)	Registration Date
Royal Bank of Canada	Amalgamation	Ord	Common Shares (pursuant to Amalgamation of Royal Bank of Canada & RBTT Financial Holdings Limited)	800,000	245,827,180	13-Jun-08
Sub Total	Ordinary and Preference shares pursuant to Amalgamation	–	–	1,018,429,742	13,661,355,289	–
GraceKennedy Limited	DSOP	Ord	Ordinary Shares pursuant to Stock Option Plan for Directors	1,167,380	1,414,715	17-Mar-08
GraceKennedy Limited	DSOP	Ord	Ordinary Shares (pursuant to Stock Plan for Directors)	48,000	301,224	8-Apr-08
Sub Total	DSOP-Ordinary Common Shares	Ord	DSOP - Ordinary Common Shares	1,215,380	1,715,939	–
Sagicor Financial Corporation	ESOP	Ord	Series A Common Shares (pursuant to Long-term Incentive Plan)	19,384	244,238	9-Oct-07
RBTT Financial Holdings Limited	ESOP	Ord	Ordinary shares (pursuant to share option plan for Non-Executive Directors and Executive Management)	265,217	4,937,992	12-Oct-07
Barbados Shipping & Trading Company Limited	ESOP	Ord	Ordinary Stock Units (pursuant to Employee Share Purchase Plan)	10,000	15,175	12-Oct-07

Ord = Ordinary; Pref = Preference

APPENDICES (CONT'D)

Table A9: EQUITIES REGISTERED BY THE COMMISSION:
OCTOBER 1, 2007 - SEPTEMBER 30, 2008 (Cont'd)

Company	Issue Type	Equity Type	Securities Registered	Total Share Issue	Value of Securities Registered (TT\$)	Registration Date
Republic Bank Limited	ESOP	Ord	Ordinary Shares (pursuant to Executive Share Option Plan)	200,000	9,184,540	22-Aug-08
Sagicor Financial Corporation	ESOP	Ord	Ordinary shares of Sagicor Financial Corporation pursuant to Long Term Incentive Plan	1,050,751	14,338,736	18-Sep-08
Sub Total	ESOP: Ordinary Common Shares	–	–	1,545,352	28,720,680	–
Barbados Shipping & Trading Company Limited	MSOP	Ord	Ordinary Stock Units (pursuant to Executive Stock Option Plan)	38,500	446,870	12-Oct-07
Barbados Shipping & Trading Company Limited	MSOP	Ord	Ordinary Stock Units (pursuant to Executive Stock Option Plan)	535,166	8,567,140	12-Oct-07
Barbados Shipping & Trading Company Limited	MSOP	Ord	Ordinary Stock Units (pursuant to Executive Stock Option Plan)	42,147	951,364	12-Oct-07
Barbados Shipping & Trading Company Limited	MSOP	Ord	Ordinary Stock Units (pursuant to Executive Stock Option Plan)	117,850	2,305,054	12-Oct-07
GraceKennedy Limited	MSOP	Ord	Ordinary Shares (pursuant to Management Stock Option Plan)	40,056	129,294	22-Oct-07
Guardian Holdings Limited	MSOP	Ord	Ordinary Shares (pursuant to Executive Stock Option Plan)	823,075	17,613,805	5-Nov-07

Ord = Ordinary; Pref = Preference

APPENDICES (CONT'D)

Table A9: EQUITIES REGISTERED BY THE COMMISSION:
OCTOBER 1, 2007 - SEPTEMBER 30, 2008 (Cont'd)

Company	Issue Type	Equity Type	Securities Registered	Total Share Issue	Value of Securities Registered (TT\$)	Registration Date
Agostini's Limited	MSOP	Ord	Ordinary Stock Units (pursuant to Executive Stock Option Plan)	127,500	828,750	14-Jan-08
Agostini's Limited	MSOP	Ord	Ordinary Stock Units (pursuant to Executive Stock Option Plan)	5,000	32,500	14-Jan-08
GraceKennedy Limited	MSOP	Ord	Ordinary Shares (pursuant to Management Stock Option Plan)	16,154	93,476	23-Jan-08
GraceKennedy Limited	MSOP	Ord	Ordinary Shares pursuant to Management Stock Option Plan	229,518	59,825	17-Mar-08
RBTT Financial Holdings Limited	MSOP	Ord	Ordinary Shares (pursuant to Share Option for Non-Executive Directors and Executive Management)	7,000	7,195,555	25-Mar-08
GraceKennedy Limited	MSOP	Ord	Ordinary Shares (pursuant to Management Stock Option Plan)	57,878	363,213	8-Apr-08
Prestige Holdings Limited	MSOP	Ord	Ordinary shares (pursuant to Executive Stock Option Plan)	200,000	542,593	14-Apr-08
RBTT Financial Holdings Limited	MSOP	Ord	Ordinary Stock Unit (pursuant to Share Option Plan for Non-Executive Directors and Executive Management)	40,384	898,022	6-May-08
GraceKennedy Limited	MSOP	Ord	Ordinary Shares (pursuant to Management Stock Option Plan)	30,178	20,827	11-Jun-08

Ord = Ordinary; Pref = Preference

APPENDICES (CONT'D)

Table A9: EQUITIES REGISTERED BY THE COMMISSION:
OCTOBER 1, 2007 - SEPTEMBER 30, 2008 (Cont'd)

Company	Issue Type	Equity Type	Securities Registered	Total Share Issue	Value of Securities Registered (TT\$)	Registration Date
GraceKennedy Limited	MSOP	Ord	Ordinary Shares (pursuant to Management Stock Option Plan)	180,759	583,461	22-Aug-08
Sub Total	MSOP- Ordinary Common Shares	-	MSOP - Ordinary Common Shares	2,491,165	40,631,750	-
Supreme Ventures Limited	Cross Listing	Ord	Ordinary Shares of Supreme Ventures Limited of J\$3.20 each pursuant to cross-listing on the Trinidad and Tobago Stock Exchange	2,637,254,926	649,819,614	28-Aug-08
Sub Total	Cross Listing	-	-	2,637,254,926	2,637,254,926	-
Agostini's Limited	Rights Issue	Ord	Ordinary Shares of Agostini's Limited pursuant to a 2 for 5 Rights Issue	10,811,642	102,710,599	12-Sep-08
Sub Total	Rights Issue	-	-	10,811,642	102,710,599	-
Total	-	-	-	3,671,748,207	14,484,953,870	-

Ord = Ordinary; Pref = Preference

APPENDICES (CONT'D)

Table A10: DERIVATIVE SECURITIES REGISTERED BY THE COMMISSION:
OCTOBER 1, 2007 - SEPTEMBER 30, 2008

Issuer	Issue Name	Issue Type	Currency Type	Face Value	Reg. Date	Value in TT\$ ^[1]
Citicorp Merchant Bank Limited	Citicorp Merchant Bank Limited TT\$144,625,000 (Face Value) Certificates of Participation In Trinidad Cement Limited TT\$100,000,000 8.50% Fixed Rate Bonds Due 2018	Certificates of Interest	TT\$	144,625,000	15-Feb-08	144,625,000
Citicorp Merchant Bank Limited	Citicorp Merchant Bank Limited TT\$350,400,000.00 (Face Value) Certificates of Participation In Guardian Holdings Limited TT\$300,000,000 Fixed Rate Bonds Due 2016	Certificates of Participation	TT\$	350,400,000	25-Apr-08	350,400,000
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited TT\$57,949,553.05 Certificates of Participation In RGM Securitized Certificates	Certificates of Participation	TT\$	57,949,553	29-Apr-08	57,949,553
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited TT\$62,126,478.00 8.60% Fixed Rate Certificates of Interest In Tranche A of The Prestige Holdings Limited TT\$80,000,000 Fixed Rate Bond Due 2018	Certificates of Interest	TT\$	62,126,478	25-Jun-08	62,126,478
RBTT Merchant Bank Limited	TT\$121,317,896.41 Tranche A Certificates of Interest In Gulf City Limited TT\$300,000,000 Fixed Rate Bond Due 2018	Certificates of Interest	TT\$	121,317,896	5-Aug-08	121,317,896
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited TT\$115,738,018.00 Certificates of Interest In Tranche B of The Gulf City Limited TT\$300,000,000 Fixed Rate Bond	Certificates of Interest	TT\$	115,738,018	5-Aug-08	115,738,018

APPENDICES (CONT'D)

Table A10: DERIVATIVE SECURITIES REGISTERED BY THE COMMISSION:
OCTOBER 1, 2007 - SEPTEMBER 30, 2008. (Cont'd)

Issuer	Issue Name	Issue Type	Currency Type	Face Value	Reg. Date	Value in TT\$ ^[1]
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited TT\$67,442,161.00 Certificates of Interest In Tranche C of The Gulf City Limited TT\$300,000,000 Fixed Rate Bond	Certificates of Interest	TT\$	67,442,161	5-Aug-08	67,442,161
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited TT\$150,000,000 9.50% Fixed Rate Certificates of Participation In A Loan Facility Extended To Cobalt Financial Services (Trinidad) Limited And Courts (Trinidad) Limited	Certificates of Participation	TT\$	150,000,000	28-Aug-08	150,000,000
TTD Total				1,069,599,106		1,069,599,106
Citicorp Merchant Bank Limited	Citicorp Merchant Bank Limited US\$30,541,902.40 (Face Value) Certificates of Interest In Tranche B of The Cool Petroleum (St. Lucia) Limited IBC US\$60,000,000 Fixed Rate Bonds Due 2017	Certificates of Interest	US\$	30,541,902	22-Nov-07	189,475,851
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited US \$23,798,982.15 Certificates of Interest In Airports Authority of Trinidad And Tobago Fixed Rate Loan Note	Certificates of Interest	US\$	23,798,982	10-Apr-08	147,644,125
USD Total				54,340,884		337,119,976
Grand Total (TT\$)				1,406,719,082		1,406,719,082

[1] Where applicable, the exchange rate used was that which prevailed at the time of issue.

APPENDICES (CONT'D)

Table A1 I: FIXED INCOME SECURITIES REGISTERED BY THE COMMISSION:
OCTOBER 1, 2007 - SEPTEMBER 30, 2008

Issuer	Private Public	Type of Security	Security Registered	Currency	Value	Registration Date	Value in TT\$
Guardian Holdings Limited	Private	Commercial Paper	Commercial Paper Issue	TT\$	25,000,000	26-Oct-07	25,000,000
Guardian Holdings Limited	Private	Commercial Paper	Commercial Paper Issue	TT\$	50,000,000	30-Nov-07	50,000,000
Republic Bank Limited	Private	Fixed Rate Bond	Fixed Rate Bonds 2007 – 2017	TT\$	1,000,000,000	11-Dec-07	1,000,000,000
The Home Mortgage Bank	Private	Fixed Rate Bond	Fixed Rate Bonds (66th Issue)	TT\$	70,995,000	14-Jan-08	70,995,000
Trinidad Cement Limited	Private	Fixed Rate Bond	8.50% Fixed Rate Bonds due 2018	TT\$	100,000,000	15-Feb-08	100,000,000
The Home Mortgage Bank	Private	Fixed Rate Bond	7.75% Fixed Rate Bonds (67th Issue) due 2010	TT\$	109,895,000	25-Feb-08	109,895,000
The Home Mortgage Bank	Private	Fixed Rate Bond	Fixed Rate Bonds (68th Issue) due 2010	TT\$	41,755,000	8-Apr-08	41,755,000
Urban Development Corporation of Trinidad and Tobago	Public	Fixed Rate Bond	8.50% Secured Fixed Rate Bond due 2023	TT\$	125,000,000	8-Apr-08	125,000,000
Prestige Holdings Limited	Private	Fixed Rate Bond	Fixed Rate Bonds due 2018	TT\$	80,000,000	16-Apr-08	80,000,000
Guardian Holdings Limited	Private	Fixed Rate Bond	Fixed Rate Bonds due 2016	TT\$	300,000,000	24-Apr-08	300,000,000
Guardian Holdings Limited	Private	Commercial Paper	Commercial Paper Issue:	TT\$	50,000,000	8-May-08	50,000,000

APPENDICES (CONT'D)

Table A1 I: FIXED INCOME SECURITIES REGISTERED BY THE COMMISSION:
OCTOBER 1, 2007 - SEPTEMBER 30, 2008

Issuer	Private Public	Type of Security	Security Registered	Currency	Value	Registration Date	Value in TT\$
Guardian Holdings Limited	Private	Commercial Paper	Commercial Paper Issue	TT\$	50,000,000	12-Jun-08	50,000,000
Government of Trinidad and Tobago	Public	Fixed Rate Bond	8.25% Fixed Rate Bond Issue due	TT\$	1,200,000,000	16-Jun-08	1,200,000,000
First Citizens Bank Limited	Private	Fixed Rate Bond	8.25% Fixed Rate Bonds due 2014	TT\$	500,000,000	22-Jul-08	500,000,000
Scotiabank Trinidad and Tobago Limited	Private	Fixed Rate Bond	Fixed Rate Bond to be issued in two Series:	TT\$	800,000,000	5-Aug-08	800,000,000
Trinidad & Tobago Housing Development Corporation	Public	Fixed Rate Bond	Trinidad and Tobago Housing Development Corporation TT\$700,000,000 8.70% Fixed Rate Bonds due 2023	TT\$	700,000,000	8-Sep-08	700,000,000
First Citizens Bank Limited	Private	Fixed Rate Bond	8.45% Fixed Rate Bonds due 2015	TT\$	500,000,000	30-Sep-08	500,000,000
TT\$ Total	–	–			–	–	5,702,645,000
Water & Sewerage Authority	Public	Fixed Rate Bond	Fixed Rate Bond	US\$	30,000,000	23-Nov-07	189,000,000
Urban Development Corporation of Trinidad and Tobago Limited	Public	Loan Note	Loan Note	US\$	73,100,000	19-Sep-08	460,530,000
US\$ Total	–	–	–		103,100,000	–	649,530,000
Grand Total	–	–	–		–	–	6,352,175,000

APPENDICES (CONT'D)

Table A12: COLLECTIVE INVESTMENT SCHEMES REGISTERED BY THE COMMISSION:
OCTOBER 1, 2007 - SEPTEMBER 30, 2008

Sponsor	Currency	Fund Name	Fund Type	Country of Origin	Registration Date
DB&G Caribbean - Global Bond Fund Inc	US\$	DB&G Caribbean Global Bond Fund	Bond Fund	St Lucia	15-Nov-07
Pan Caribbean Asset Management Limited	JM\$	Sigma Optima	Equity Fund	Jamaica	15-Nov-07
Pan Caribbean Asset Management Limited	JM\$	Sigma Solution	Income Fund	Jamaica	15-Nov-07
Pan Caribbean Asset Management Limited	US\$	Sigma Liberty	Income Fund	Jamaica	15-Nov-07
Schroder Investment Management (Luxembourg) S.A.	US\$	Schroder International Selection Fund Global Energy	Equity Fund	Luxembourg	30-Nov-07
UTC Mutual Funds SPC Limited	US\$	UTC Global Bond Fund	Bond Fund	Trinidad and Tobago	13-Dec-07
UTC Mutual Funds SPC Limited	US\$	UTC Latin American Fund	Equity Fund	Trinidad and Tobago	13-Dec-07
UTC Mutual Funds SPC Limited	US\$	UTC Asia Pacific Fund	Equity Fund	Trinidad and Tobago	13-Dec-07
UTC Mutual Funds SPC Limited	US\$	UTC European Fund	Equity Fund	Trinidad and Tobago	13-Dec-07
Sagicor Merchant Limited	US\$	Global Equity Fund	Equity Fund	Trinidad and Tobago	10-Apr-08
Sagicor Merchant Limited	US\$	Global Balanced Fund	Balanced Fund	Trinidad and Tobago	10-Apr-08
Sagicor Merchant Limited	TT\$	Equity Fund	Equity Fund	Trinidad and Tobago	10-Apr-08
Sagicor Merchant Limited	TT\$	Income Fund	Income Fund	Trinidad and Tobago	10-Apr-08
First Citizens Bank Limited	TT\$	El Tucuche	Income Fund	Trinidad & Tobago	18-Sep-08

INDEPENDENT AUDITORS'S REPORT



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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of The Trinidad & Tobago Securities and Exchange Commission, which comprise the balance sheet as of 30 September 2008 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.

AUDITOR'S RESPONSIBILITY

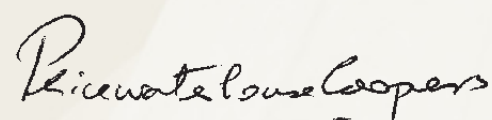
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether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

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

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

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Trinidad & Tobago Securities and Exchange Commission as of 30 September 2008, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



PricewaterhouseCoopers
Port of Spain, Trinidad, West Indies
23 January 2009

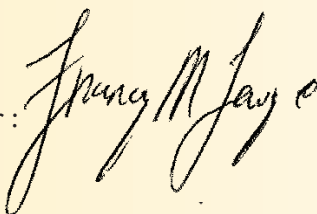
BALANCE SHEET

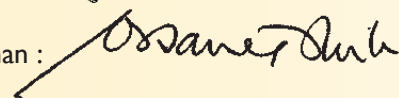
(Expressed in Trinidad and Tobago Dollars)


	Notes	30 September	
		2008 \$	2007 \$
ASSETS			
Non-Current Assets			
Leasehold improvements and equipment	4	6,552,560	7,829,675
Current Assets			
Prepayments and other receivables	5	5,000	548,594
Fixed deposits		5,290,079	4,871,449
Cash at bank		14,258,428	9,536,994
		19,553,507	14,957,037
Total Assets		26,106,067	22,786,712
ACCUMULATED SURPLUS AND LIABILITIES			
Accumulated Surplus			
		26,038,335	22,656,182
Current Liabilities			
Accrued charges		67,732	130,530
Total Accumulated Surplus and Liabilities		26,106,067	22,786,712

The notes on pages 66 to 72 form an integral part of these financial statements.

On 15 January 2009, the Commissioners of The Trinidad & Tobago Securities and Exchange Commission authorised these financial statements for issue.

Commissioner : 

Chairman : 

Commissioner : 

INCOME AND EXPENDITURE ACCOUNT

(Expressed in Trinidad and Tobago Dollars)

	Notes	Year Ended 30 September	
		2008 \$	2007 \$
Income			
Registration fees	11	9,048,016	3,534,474
Government subvention		23,371,000	23,020,000
Interest		523,794	305,156
Other income		35,105	24,878
		32,977,915	26,884,508
Expenses			
Administration		(4,679,344)	(1,483,309)
Finance		(10,960)	(11,039)
Operating		(24,816,085)	(18,706,280)
	7	(29,506,389)	(20,200,628)
Surplus Before Taxation		3,471,526	6,683,880
Taxation	8	(89,373)	(14,064)
Net Surplus		3,382,153	6,669,816

The notes on pages 66 to 72 form an integral part of these financial statements.

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS

(Expressed in Trinidad and Tobago Dollars)

	Year Ended 30 September	
	2008 \$	2007 \$
Balance at beginning of year	22,656,182	15,986,366
Net Surplus	3,382,153	6,669,816
Balance at end of year	26,038,335	22,656,182

The notes on pages 66 to 72 form an integral part of these financial statements.

CASH FLOW STATEMENT

(Expressed in Trinidad and Tobago Dollars)

	Year Ended 30 September	
	2008 \$	2007 \$
Operating Activities		
Surplus before taxation	3,471,526	6,683,880
Adjustment to reconcile deficit to net cash from operating activities:		
Depreciation	1,957,678	2,005,185
Loss on disposal of leasehold improvements and equipment	21,273	557
Net change in operating assets and liabilities	480,796	(154,870)
	5,931,273	8,534,752
Taxation paid net of tax refund	(89,373)	(14,064)
Net Cash Inflow From Operating Activities	5,841,900	8,520,688
Investing Activities		
Purchase of leasehold improvements and equipment	(999,330)	(1,669,800)
Proceeds from disposals leasehold improvements and equipment	297,494	10,865
Net Cash Outflow From Investing Activities	(701,836)	(1,658,935)
Increase In Cash And Cash Equivalents	5,140,064	6,861,753
Cash And Cash Equivalents		
At beginning of year	14,408,443	7,546,690
Increase	5,140,064	6,861,753
End of year	19,548,507	14,408,443
Represented By:		
Cash	14,258,428	9,536,994
Fixed deposits	5,290,079	4,871,449
	19,548,507	14,408,443

The notes on pages 66 to 72 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2008

(Expressed in Trinidad and Tobago Dollars)

1 GENERAL INFORMATION

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements 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

Standard, amendment and interpretations effective in September 2007

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

2.2 Foreign currency translation

(i) Functional and presentation currency

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

(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 30 SEPTEMBER 2008

(Expressed in Trinidad and Tobago Dollars)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Leasehold improvements and equipment

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

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

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

2.4 Cash and cash equivalents

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

2.5 Pension

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

2.6 Deferred income taxes

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

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

2.7 Revenue recognition

Interest income is recognised as it accrues to the Commission.

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

2.8 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2008

(Expressed in Trinidad and Tobago Dollars)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Leases

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

2.10 Government subventions

Government subventions are made to the Commission in accordance with an annual budget to defray capital and operating expenditure not covered by fees from operations. 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.

2.11 Financial assets

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

3 FINANCIAL RISK MANAGEMENT

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

NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2008

(Expressed in Trinidad and Tobago Dollars)

4 LEASEHOLD IMPROVEMENTS AND EQUIPMENT

	Leasehold Improvements \$	Office Equipment \$	Computer Equipment \$	Artwork and Fixtures and Fittings \$	Motor Vehicles \$	Total \$
At 30 September, 2008						
Opening net book amount	1,566,975	3,091,343	1,974,132	606,876	590,349	7,829,675
Additions	--	158,461	808,369	32,500	--	999,330
Disposals	--	(9,715)	--	--	(309,052)	(318,767)
Depreciation	(436,124)	(728,831)	(625,718)	(64,582)	(102,423)	(1,957,678)
Closing net book amount	1,130,851	2,511,258	2,156,783	574,794	178,874	6,552,560
At 30 September, 2008						
Cost	2,180,621	5,015,148	5,206,629	947,391	373,412	13,723,201
Accumulated depreciation	(1,049,770)	(2,503,890)	(3,049,846)	(372,597)	(194,538)	(7,170,641)
Net book amount	1,130,851	2,511,258	2,156,783	574,794	178,874	6,552,560
At 30 September, 2007						
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	(425,167)	(840,350)	(478,319)	(64,566)	(196,783)	(2,005,185)
Closing net book amount	1,566,975	3,091,343	1,974,132	606,876	590,349	7,829,675
At 30 September, 2007						
Cost	2,180,621	4,866,172	4,398,260	914,891	862,258	13,222,202
Accumulated depreciation	(613,646)	(1,774,829)	(2,424,128)	(308,015)	(271,909)	(5,392,527)
Net book amount	1,566,975	3,091,343	1,974,132	606,876	590,349	7,829,675
At 30 September, 2006						
Cost	2,101,350	4,182,428	3,758,616	702,433	862,258	11,607,085
Accumulated depreciation	(188,479)	(977,741)	(1,945,809)	(243,448)	(75,126)	(3,430,603)
Net book amount	1,912,871	3,204,687	1,812,807	458,985	787,132	8,176,482

NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2008

(Expressed in Trinidad and Tobago Dollars)

5 PREPAYMENTS AND OTHER RECEIVABLES	2008 \$	2007 \$
Prepayments	5,000	468,605
Other receivables	–	79,989
	5,000	548,594

6 DEFERRED INCOME TAXES

Tax losses of approximately \$1,500,000 (2007 - \$1,700,000) have not been recognised for the purpose of deferred taxation because of the uncertain timing of their recoverability.

Deferred tax liabilities of \$225,000 (2007 - \$242,000) arising on the temporary difference from accelerated depreciation on leasehold improvements and equipment has not been recognised.

7 EXPENSES BY NATURE

Public education and advertising	705,750	278,252
Consultancy	1,560,020	1,175,531
Employee salaries and benefit expense (Note 9)	9,408,772	7,310,803
Commissioners' fees	214,901	193,160
Depreciation	1,957,678	2,005,185
Legal and professional fees	750,080	280,034
Investigation	1,341,331	243,831
Telephone	441,482	361,474
Rent/property expenses	4,471,600	3,558,202
Training and seminars	1,671,388	1,956,800
Other expenses	761,212	1,050,920
Withholding tax	471,275	337,756
Utilities	523,203	327,893
Computer related expenses	263,223	165,415
Motor vehicle expenses	685,005	391,180
Office supplies	263,090	169,463
Library and subscriptions expenses	340,821	230,912
Printing and reproduction	252,644	163,817
*Depository receipts programme	3,422,914	–
Total expenses	29,506,389	20,200,628

*Depository receipt programme

*The expense incurred related to the drafting of a regulatory framework for the issue of depository receipts as securities in Trinidad and Tobago.

NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2008

(Expressed in Trinidad and Tobago Dollars)

8 TAXATION	2008 \$	2007 \$
Business levy	59,583	9,555
Green fund levy	29,790	4,509
	89,373	14,064

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

Surplus before taxation	3,471,526	6,683,880
Corporation tax at the statutory rate of 25%	867,882	1,670,970
Expenses not deductible for tax purposes	2,199	1,617
Expenses reimbursed by the government subventions	4,972,669	4,082,413
Government subventions not subject to taxation	(5,842,750)	(5,755,000)
Business levy	59,583	9,555
Green fund levy	29,790	4,509
Current tax charge	89,373	14,064

- 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 \$1,500,000 (2007 - \$1,700,000) available for set off against future taxable profits. These losses have not yet been approved by the Board of Inland Revenue.

9 EMPLOYEE BENEFIT EXPENSE	2008 \$	2007 \$
Salaries, national insurance and other staff expenses	8,658,969	6,765,351
Pension costs	749,803	545,452
	9,408,772	7,310,803
Average number of employees	43	38

NOTES TO THE FINANCIAL STATEMENTS 30 SEPTEMBER 2008

(Expressed in Trinidad and Tobago Dollars)

10 KEY MANAGEMENT COMPENSATION	2008 \$	2007 \$
Salaries and other benefits	3,234,251	2,469,267

11 REGISTRATION AND ANNUAL FEES

Registration and Annual fees increased by \$5,513,542 of which, the following two matters contributed to approximately \$4,177,368 during the financial year ended 30 September 2008.

Securities Registration

The Royal Bank of Canada amalgamation with RBTT Financial Holdings Limited took place in 2008 and accounted for \$1,286,132 of the Securities Registration Income for the 2007/08 period.

Collective Investment Schemes

The Commission received outstanding market access fees from Collective Investment Schemes issuers relating to 2006 and 2007. Collectively, these market access fees accounted for approximately \$2,891,236 of the Commission's Collective Investment Schemes Income.

12 OPERATING LEASE COMMITMENTS

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

	2008 \$	2007 \$
Not later than 1 year	3,584,936	3,262,016
Later than 1 year and not later than 5 years	2,669,638	2,710,092

13 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Loans and receivables		
Other receivables	–	79,989
Fixed deposits	5,290,079	4,871,449
Cash at bank	14,258,428	9,536,994
	19,548,507	14,488,432

FOR ADDITIONAL COPIES OF THIS REPORT, WRITE TO:

Trinidad and Tobago Securities and Exchange Commission
57-59 Dundonald Street
Port of Spain, Trinidad, W.I.
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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.