



Annual Report 2005

VISION AND MISSION

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 31, 2006

The Honourable Patrick Manning
Prime Minister and Minister of Finance
Whitehall
29 Maraval Road
PORT OF SPAIN

Dear Honourable Prime 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, 2005 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

THE COMMISSIONERS



Mr. Osborne Nurse,
Chairman



Ms. Bridgid Annisette-George,
Commissioner



Dr. Shelton Nicholls,
Commissioner



Ms. Alison Lewis,
Commissioner

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.

MESSAGE FROM THE CHAIRMAN



The past year has been a period of notable economic growth in most regions of the global economy. In the Caribbean, there have been reversals of the declines experienced after the events of September 11, 2001 and hurricanes in the last two years.

*Mr. Osborne Nurse,
Chairman*

The financial year ended September 30, 2005 was one of significant change and development for the Commission and for our financial markets. During the year, all aspects of our operations have been subject to exciting changes, with our efforts at institutional strengthening and improvement being among the most significant of these.

The past year has been a period of notable economic growth in most regions of the global economy. In the Caribbean, there have been reversals of the declines experienced after the events of September 11, 2001 and hurricanes in the last two years. As a result, growth in the region is expected to average 4% in 2005, with Jamaica experiencing growth of 0.7%, Barbados, 2.6%, the Eastern Caribbean, 3.2% and Trinidad and Tobago, 7%.

Consistent with the improved performance of the global economy, international capital markets experienced gains in 2005. The S&P 500 Index in the USA, the DAX in Germany and the Nikkei in Japan recorded increases of 3.9%, 13.1% and 14.9%, respectively. However, with the exception of Barbados, the local and regional capital markets did not experience similar gains despite the pattern of growth that was recorded. In Barbados the Local Composite Index of Stock Market Prices showed a gain of 17.8% while in Jamaica and Trinidad and Tobago that index fell by 7% and 0.67% respectively.

At the institutional level, the Commission welcomed the introduction of automated electronic trading on the Trinidad and Tobago Stock Exchange (the Stock Exchange) and the later move to reduce the settlement period from five days to three days. These changes are expected to improve the efficiency of the market and to facilitate the integration of the regional markets.

INVESTIGATIONS AND ENFORCEMENT

The Commission completed enforcement action, which had begun in the previous year, against 82 registrants, resulting in the imposition of penal-

ties on 63 of these, amounting to approximately \$1.2 million. Unfortunately, the Commission observed that non-compliance with the requirements of the Act for the timely submission of continuous disclosure filings continued to be high, despite its programme of reminders and public education.

While the Commission continues to consider the most effective measures to deal with such filing contraventions, it initiated new enforcement action against one registrant, began investigations against two other registrants, and succeeded in stopping the operations of a pyramid scheme. Enforcement continues to be a vital tool in the regulation of the securities market.

SECURITIES LEGISLATION


The Commission has been engaged in a major exercise to complete the drafting of revised securities legislation. Following the appointment of Stikeman Elliot LLP in 2001 as Consultants for the revision of the Securities Industry Act and By-Laws, the Consultants presented their Final Report in December 2004. The Commission then began the task of reviewing the Consultants' proposals in detail prior to making its final recommendations to the Government on the draft legislation. In so doing, the Commission took the opportunity to ensure that issues that arose subsequent to the issuance of the mandate to the Consultants were adequately addressed.

This exercise has now been completed and recommendations for a new Securities Act and By-Laws were presented to the Government in January 2006.

In other legislative matters, the Take-Over By-Laws became law in March 2005, and the Commission expects that new regulations in respect of the structure of regulatory fees will come into effect early in 2006.

As the growth of the collective investment scheme market continues apace, the Commission has become increasingly concerned about the level of regulation that is applicable to this sector.

MESSAGE FROM THE CHAIRMAN



As at December 2005, the value of funds under management in collective investment schemes is expected to reach TT\$34 billion as compared to TT\$5 billion in 2000, growth that has taken place in an environment of insufficient regulation. The Commission is therefore preparing an appropriate regulatory regime based on the recommendations of the Consultants and the findings of a Baseline Study on Collective Investment Schemes which commenced in June 2005. The Commission expects to publish both the new guidelines and the report of the study in March 2006.

INSTITUTIONAL STRENGTHENING

The Commission embarked upon an institutional strengthening programme that comprises a number of projects, the major ones being the relocation of its offices, the launch of a new website and the development of an improved computer-based capacity to monitor and analyze transactions and developments in the market. There are also a number of other operational projects including the implementation of new filing and document management systems.

The Commission is expected to relocate its offices to new premises on Dundonald Street, Port of Spain that are being leased from the Public Services Credit Union. This move is expected to be completed by March 2006.

Finally, the Commission embarked on a full scale strategic planning exercise to prepare a new strategic plan for the period 2006–2010, which is also expected to be completed by March 2006.

GOVERNANCE

The Board's capacity for dealing with the breadth and complexity of the matters to be considered, including the conduct of hearings, was strengthened by the passage of the Finance Act 2005 which amended the Securities Industry Act to provide for an increase in the number of Commissioners from five (5) to seven (7). There are currently three (3) vacancies on the expanded Board and it is expected that all of these will be filled in 2006.

Notwithstanding its efforts during the year, the Commission was unable to fill the position of General Manager. Its lack of success in recruiting a General Manager was addressed by the appointment of Ms. Denise Hackett, General Counsel, to act as General Manager and the temporary appointment of the Chairman as Chief Executive Officer from January 1 to December 31, 2005. The Commission is however happy to report that its efforts at recruitment of a General Manager have finally borne fruit and that a new incumbent will assume duty in February, 2006.

ACKNOWLEDGEMENTS

Considerable progress has been made and positive results generated from the efforts of the Commission, in spite of the difficulties and challenges resulting from the departure of Ms. Hackett and three of its professional staff, all of whom were lost to other employers in our highly competitive market. The Commission expresses its thanks to Ms. Hackett and the other officers for their valuable service and contribution to the organization.

We have adjusted to the departure of these persons by mixing promotions with recruitment, and putting our staff through an extensive programme of training and development. These efforts will continue as the Commission steps up to fully discharge its responsibilities under the Act.

I would like to thank my fellow Commissioners and the staff of the Commission for their support, commitment and hard work during the year. I know that the Commission can continue to count on their support as we build a proactive and effective Securities and Exchange Commission, in which investors and market participants alike will have the levels of confidence that will contribute to the further development of the Trinidad and Tobago securities market.



OSBORNE NURSE
Chairman

MANAGEMENT REMARKS

A INSTITUTIONAL DEVELOPMENTS

Automated trading began on March 18, 2005 on the Stock Exchange with the introduction of the Horizon trading system. In addition, at the end of the calendar year, the Commission approved a change to the Rules of the Stock Exchange that allowed for an amendment in the settlement term from five days to three days. These changes along with improvements in the operations of the Central Depository allow for improvement in the level of transparency, fairness and equity in the market thereby bringing it closer to international standards.

The Commission embarked on a number of projects designed to strengthen its operations and improve the level and quality of its supervision of the market. These projects included the revision of the securities legislation, a study of the mutual fund industry, the preparation of a strategic plan and the relocation of its offices.

The Commission delivered the draft Securities Act and By-Laws to the Minister of Finance in January 2006 and expects all of the other projects on which it is currently engaged to be completed by the first quarter of 2006.

REVIEW OF SECURITIES LEGISLATION

The Commission received the Final Report and recommendations of its Consultants, Stikeman Elliott LLP in December 2004. Although the Consultants' report proposed a comprehensive redrafting of the Securities Industry Act and By-Laws, the Commission undertook its own internal review of all the provisions of the draft legislation. This was done to ensure that all matters of concern, including those that may not have been contained in the Consultants' Terms of Reference and those that arose subsequent to the engagement of the Consultants, were adequately addressed.

As a result of this review the Commission has decided not to accept the Consultants' recommendations for the establishment of a separate



Securities Market Tribunal at this time for a number of reasons, including the cost of such a Tribunal and questions that may concern its judicial status. Our review also permitted us to identify and rectify certain inadvertent omissions by the Consultants and to strengthen the provisions relating to the conduct of enforcement matters.

The new draft Act provides for mechanisms to strengthen the autonomy of the Commission in accordance with international best practice and the recommendations of the IMF. The draft Act also makes more explicit the Commission's power to create regulations in order to maintain its capacity to keep pace with market trends, and

(Back row, left to right):
Mr. Kelvin Sergeant
Director, Research
Mrs. Hazel Ramsingh-Persad
Manager, Administration
Mr. David Bazil
Director, Disclosure, Registration and Corporate Finance
Mr. Gregory A. Simms
Director, Market Regulation and Surveillance
Ms. Lynette Ramoutar
Director, Legal Advisory and Enforcement
Ms. Charmaine Howard
IT Administrator

MANAGEMENT REMARKS

provides for a more comprehensive regime for continuous reporting of financial conditions of, and material changes by, market participants.

The draft Securities Act, 2006 and the associated By-Laws, which were submitted to the Minister of Finance in January 2006, also treat in detail with issues such as the regulation of collective investment schemes, a regime of distributions as opposed to offers to the public, and the relationship between the Commission, the Stock Exchange and the Trinidad and Tobago Central Depository among other issues.

REGISTRATIONS

The Commission registered 21 new market participants in 8 different categories during the year, increasing the number of registrants from 151 to 172.

Ninety new securities issues valued at \$14.6 billion, including \$8.7 billion in bonds, \$5 billion in derivatives and \$0.8 billion in equity issues were registered. In the collective investment scheme sector, 10 new prospectuses governing the issue of as many new funds were receipted. Of these, one governed the issue of a closed-end mutual fund, and another governed a retirement type collective product.

MARKET SURVEILLANCE AND ENFORCEMENT

Also engaging the attention of the Commission were enforcement actions and complaints from investors. Enforcement action revolved around the institution of proceedings in relation to the failure of some registrants to file their required reports on time and the completion of an investigation into possible insider trading in the shares of a reporting issuer. Additionally, the Commission began three new enforcement actions of which two centred on trading in large blocks of shares while the third involved an allegation of non-disclosure of material change. The Commission also obtained injunctions to stop the operations of a pyramid scheme. The High Court appointed a receiver and investors are expected to begin receiving partial restitution in early 2006.

INVESTOR EDUCATION

During the financial year, the Commission launched its new investor education programme which was entitled, "Educating the Investor" and was intended to reach market participants, credit unions and the investing public. The Commission held three seminars and produced brochures on the role of the Commission and the obligations of registrants to file timely and accurate information. A number of articles on investment fraud were also published in the print media and placed on the Commission's website.

FINANCIAL

As a result of the heavy registration activity that was conducted during the year, income earned from registration fees increased by \$1.2 million or 92% from \$1.3 million in 2004 to \$2.5 million. This represents some 22% of total expenses which amounted to \$11.5 million.

While this is an improvement over the previous year when fees accounted for 16% of expenses, the Commission remains concerned that the market pays an insufficient share of the cost of its regulation. However, should proposals that were made for the revision of the Fee Schedule be approved as anticipated in early 2006, the market's contribution to defraying the cost of its regulation will begin to adjust as the Commission seeks to achieve a balance of cost sharing with the Government that is more in keeping with international standards.



STAFF OF THE COMMISSION

- (1) Lisa Gobin, *Clerical Assistant II, Administration*
- (2) Craig Cumberbatch, *Financial Research Officer, MR&S*
- (3) Janine Carrera, *Financial Research Officer*
- (4) Rowena Jamurath-Bunsee, *Legal Officer*
- (5) Laura Ferrier, *Clerical Assistant Research*
- (6) Charmaine Howard, *IT Administrator*
- (7) Bevan Gibson, *IT Assistant*
- (8) Cindy Ramsumair, *Legal Research Officer, LA&E*
- (9) Jerome Gooptar, *Financial Research Officer, DR&CF*
- (10) Seeta Sookdeo, *Clerical Assistant, Administration*
- (11) Karen Rampersad, *Clerical Assistant, Accounts*
- (12) Gabrielle Brewster, *Financial Research Officer*
- (13) Karen-Anne Gordon, *Financial Research Officer*
- (14) Arthur Lewis, *Messenger*
- (15) Sandra Smart, *Executive Secretary, General Manager*
- (16) Kirk Hogan, *Legal Officer*
- (17) Candice Taylor, *Clerical Assistant, MR&S*
- (18) Kevin Deopersad, *Financial Research Officer, DR&CF*
- (19) Ingmarie Ralph, *Clerical Assistant, Research*
- (20) Leslie Clarke, *Service Attendant*
- (21) Carol Noel, *IT Specialist*
- (22) Arlene Francis, *Clerical Assistant, MR&S*
- (23) Cheryl Cameron, *Documentation Officer*
- (24) Amelia Samai, *Clerical Assistant II, DR&CF*
- (25) Avril Bacquain, *Customer Service Assistant*
- (26) Rosalind King, *Senior Financial Research Officer, MR&S*
- (27) Joanne Dasent, *Legal Officer*
- (28) Ayoub Barcoo, *Senior Financial Research Officer, MR&S*
- (29) Rodney Khedoo, *Chauffeur / Messenger*
- (30) Hazel Persad, *Manager, Administration*
- (31) Otis Murray, *Financial Research Officer*





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GLOBAL AND REGIONAL DEVELOPMENTS

T THE GLOBAL ECONOMY

The global economy continued to exhibit robust performance during the period. By the end of December 2004 global output had increased by 5.1%, this being the strongest performance in three decades. Despite a number of recent shocks, global activity continues to exhibit growth, albeit moderate.

Following a temporary slowdown in mid-2004, global GDP growth picked up in the first quarter of 2005. In the second quarter, however, global GDP experienced a modest slowdown, reflecting to some extent the impact of higher oil prices. Growth in global output was further negatively impacted due to the continued rise in the prices of oil and refined products and natural disasters such as the Asian tsunami and several hurricanes. Despite these factors, the services sector of most countries remained strong and, according to recent indicators, manufacturing output has also increased. Growth of global GDP is expected to measure 4%-5% in 2005.

The USA and China continue to lead the global expansion. Real GDP in the USA is expected to rise by 3.5% in 2005 and ease modestly to 3.3% in 2006. Meanwhile, energy prices pushed headline inflation to 4.7% in October 2005, the highest rate recorded since 1991. Core inflation (i.e. excluding fuel and food) remained restrained at 2%. The Federal Reserve, concerned that energy prices could impact the core inflation rate, increased the federal funds rate in 12 steps, from 1% in June 2004 to 4% in October 2005.

China's growth is estimated at 8.5% – 9% for 2005 and is projected to be the same in 2006. Growth prospects for Japan and India continued to improve; those for most other regions have weakened.

Economic performance across the euro area remains diverse and there has been an overall downward trend in the outlook for growth. Specifically, domestic demand faltered in the first half of 2005, after showing signs of revival in late 2004, and in the third quarter economic condi-



tions deteriorated once again as consumption and investment indicators weakened. Overall GDP increased by 1.5% in the first half of 2005. This was mainly due to a stronger thrust from net exports with little movement in domestic demand, underscoring subdued business and consumer confidence. It is expected that the euro area should gradually regain momentum, and GDP growth in the area is estimated at 1.6% in 2005 and projected to be 2.1% in 2006.

In the United Kingdom, GDP grew by 3.2% in 2004, but is expected to be weaker in 2005 as private consumption growth declined sharply in the first half of the year. In this context, and in the light of weakening business confidence, GDP growth is now projected at 1.9% in 2005 and 2.2% in 2006. A summary of global GDP growth indicators is presented in **Appendix 1**.

GLOBAL CAPITAL MARKETS

The global economy, although recording strong growth, suffered a number of setbacks including the Asian tsunami, rising commodity prices, in particular oil, the London terrorist attack and corporate downgrades of major US corporations. Despite these setbacks, the global capital markets proved resilient and performed positively for most of the review period.

The global equity market grew significantly during the period under review. The volume of shares traded globally increased by 36%, while the value of shares traded amounted to US\$48,279 billion, representing an increase of 27% over this period. Consistent with these trends, market capitalization grew by 19% over the period.

The S&P 500 Index, DAX and Nikkei increased by 3.9%, 13.1% and 14.9%, respectively (**See Figures 1 to 3**). This growth can be explained by strong corporate earnings and an improved economic outlook in some economies.

The global credit markets exhibited the same trend in performance as the global equity markets. Improvements in credit quality were seen

GLOBAL AND REGIONAL DEVELOPMENTS

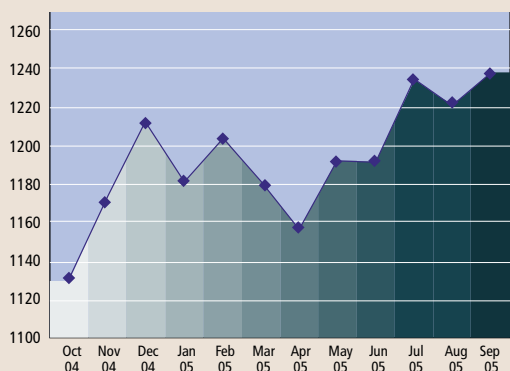


Figure 1
S & P Performance Index of Selected Stock Market Indices (Oct. 2004 - Sept. 2005)

Source: Bank for Internal Settlements Annual Report and September Quarterly Review 2005: World Federation of Exchanges

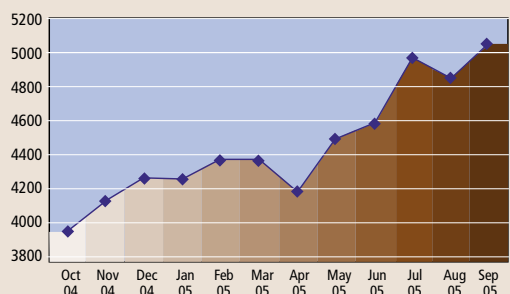


Figure 2
Dax Performance Index of Selected Stock Market Indices (Oct. 2004 - Sept. 2005)

Source: Bank for Internal Settlements, Annual Report and September Quarterly Review 2005: World Federation of Exchanges.

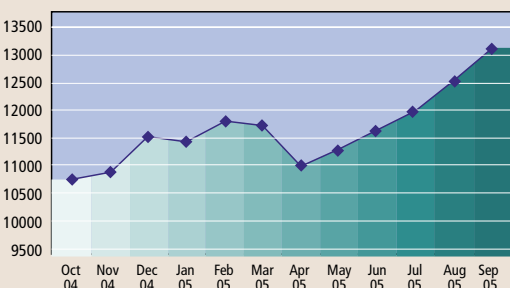


Figure 3
Nikkei Performance Index of Selected Stock Market Indices (Oct. 2004 - Sept. 2005)

Source: Bank for Internal Settlements Annual Report and September Quarterly Review 2005: World Federation of Exchanges.

largely as a result of fewer corporate defaults and credit rating downgrades. In the global bond markets, the net issuance of bonds and notes increased by approximately 7% over the review period. Financial institutions were the main issuers of bonds and notes for most of that period.

Investors' demand for higher yielding products also increased. Additionally, over the review period, increased issuance of CDO's (Collateralized Debt Obligations) and CDS (Collateralized Debt Securities) were recorded.

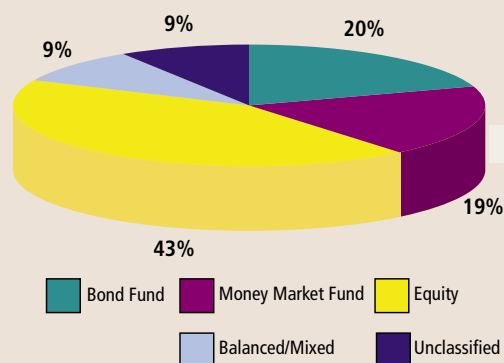
THE GLOBAL MUTUAL FUND INDUSTRY

Globally the mutual fund industry continues to perform positively displaying consistent growth over the review period. At the end of September 2005 the global value of assets under management amounted to US\$16.4 trillion representing an increase of 13% from September 2004 when assets under management totalled US \$14.5 trillion.

At the end of June 2005, the distribution of assets among fund type was as follows: equity funds – 43%, bond funds – 20%, money market funds – 19%, balanced funds – 9%, unclassified – 9%. The value of equity funds increased by 12.3%, from US\$6.35 trillion at the end of June 2004 to US\$7.13 trillion at the end of June 2005, while the value of global assets held as bond funds expanded by 9.3% from US\$3.05 trillion at the end of September 2004 to US\$3.33 trillion at the end of June 2005. Over the same period, the value of balanced funds increased by 14.1% while money market funds decreased by 4.2%. **Figure 4** below shows the distribution of assets according to fund type at the end of June 2005.

At the end of June 2005, 55% of worldwide fund assets existed in the Americas, 34% were in Europe and 11% were in Africa and the Asia/Pacific region.

Figure 4
Global Value of Assets under Management by Fund Type



Source: Investment Company Institute

GLOBAL AND REGIONAL DEVELOPMENTS

REGIONAL ECONOMIC DEVELOPMENTS

In the Latin American and Caribbean (LAC) region, growth has moderated after reaching a 24-year high of 5.8% in 2004. Growth rates are estimated to be about 4% in 2005 and projected to be 3.25% in 2006. For the Caribbean region in particular, economic growth has recovered from the slump after the tourist-dependent economies were hard hit by the impact of September 11, 2001 and subsequent hurricanes. The growth outlook is better than the average for the whole of the LAC region, driven in part by the preparations for the 2007 Cricket World Cup and reconstruction efforts after the hurricane damage in some countries. Despite the strong increase in world oil prices, inflation in the region as a whole is projected to ease from 6.5% in 2005 to 5.5% in 2006.

As at the end of September 2004, headline inflation within the Jamaican economy was 4.3%, due primarily to rising food and oil prices. The underlying core inflation rate was estimated at 1.4%. At the end of 2004, GDP was estimated at US\$11.1 billion. Growth in GDP was relatively weak in the first two quarters of 2005, but moderate expansion was recorded in the last two quarters. Significant expansion was observed in the Mining and Quarrying sector and the Construction and Installation sector in the second half of the year.

In Barbados, following a growth rate of 3.4% in 2004, GDP increased by 2.6% in January-September, 2005. For the whole of 2005, GDP is expected to be between 2.5% and 3.0%. The increase in economic activity was mainly in the non-traded sectors, which outperformed traded sector activity. Meanwhile, on account of high energy prices which persisted in 2005, the inflation rate increased from 1.4% in 2004 to 4% at the end of June 2005.

REGIONAL CAPITAL MARKETS

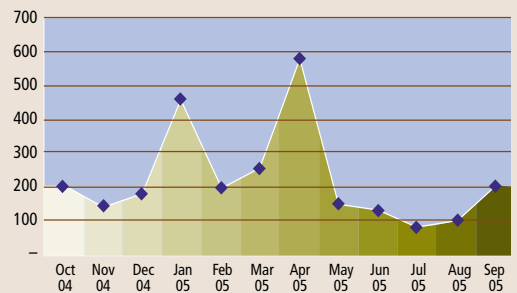
The Latin American securities markets were the best performers in the region. In the Caribbean,

the Barbados equity market with an increase of 17.8% outperformed the other markets, while the Jamaica market declined by 7%.

The Jamaica Capital Market

During the review period, the Jamaica Stock Exchange recorded trading volumes of 2.7 billion shares with a corresponding market value of

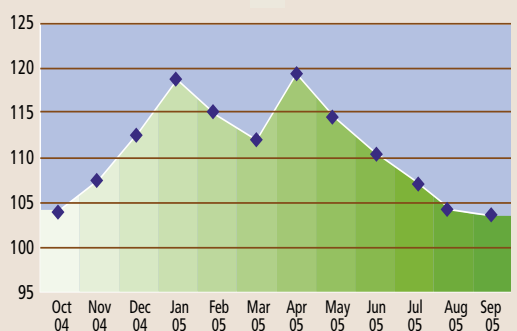
Figure 5
Movements in the Jamaica Stock Exchange (JSE) Trading Volume (Billion)



JA\$43.5 billion (*Figure 5*). This represented a decline of 47.8% from the volume of shares traded in the corresponding period in 2004.

While the stock market ended the fourth quarter of 2004 on a positive note, this performance was not repeated in 2005. The return on the Jamaica Stock Exchange (JSE) Composite Index fell by 7% in 2005 while the All Jamaica Index fell by 9.8%. In the first quarter of 2005, good corporate earnings and the listing of Mayberry Investments helped to boost market performance. However, the suspension of trading in Dyoll Group Limited, a high interest rate environment, high inflation, the advent of an active hurricane season and a high crime rate eroded investor confidence. The JSE Index recorded a negative return of 0.64% in the first quarter 2005. This subdued performance seemed to have set the tone for the following

Figure 6
Movements in the Jamaica Stock Exchange (JSE) Composite Indices



GLOBAL AND REGIONAL DEVELOPMENTS

quarters as the JSE Index recorded negative returns of 1.16% and 6.6% in the second and third quarters of 2005 respectively. (Figure 6.)

Market Capitalization increased by 6.19% from Ja\$780.66 billion as at the beginning of October 2004 to Ja\$828.95 billion as at the end of September 2005. (Figure 7).

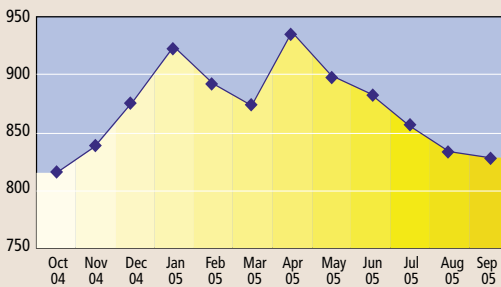


Figure 7
Movements of the Jamaica Stock Exchange (JSE) Market Capitalization

The Barbados Capital Market

During the period October 2004 to September 2005, a total volume of 23,307,962 shares valued at BD\$129,292,760 were traded on the Barbados Stock Exchange.

The value of market capitalization for the local and cross listed shares increased by 26.28% and 6.56% respectively, over that period. Notwithstanding this relatively higher growth in the market capitalization of the local shares, the value of market capitalization of cross listed shares remained higher than that of the local shares, as was the case in the period October 2003- September 2004. Local equities increased by BD\$2.2 billion to BD\$10.8 billion as at the end of September 2005, while the cross listed equities

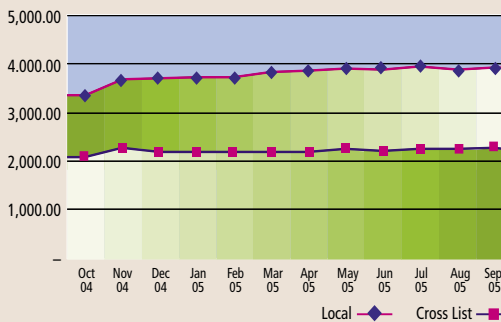


Figure 8
Movements of the Barbados Stock Exchange Composite Index

increased by BD\$680 million to BD\$11 billion at the end of September 2005. (Figures 8 and 9).

One security, A.S.Brydens and Sons (Barbados) Limited, was de-listed unconditionally on May 6, 2005, following its acquisition by Mc Enearney Alstons Barbados Limited, while one new security, JMMB, was listed on November 29, 2005 to become the 26th listing on the Barbados Stock Exchange.

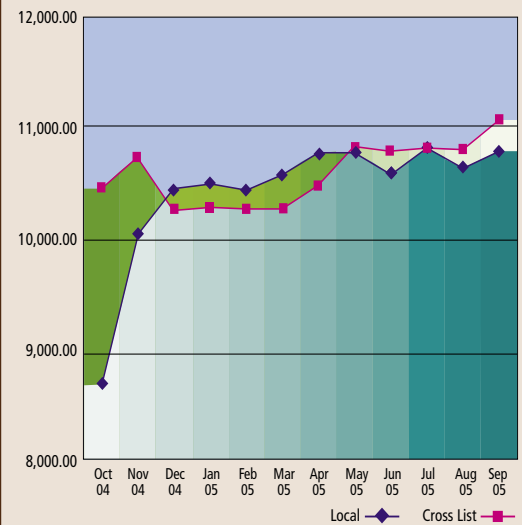


Figure 9
Movements of the Barbados Stock Exchange (BSE) Market Capitalization

REGIONAL INSTITUTIONAL DEVELOPMENTS

Jamaica

The Pensions Act, a critical piece of legislation, which along with the associated regulations will facilitate the supervision of private pension funds by the Financial Services Commission (FSC), was promulgated in 2005. The FSC will be responsible for the general administration of the Act, which includes provisions for the licensing and registration of approved Superannuation Funds, approved Retirement Schemes and pension service providers. The Regulations will cover investment, governance, registration, licensing and reporting.

Parliament also amended the Bank of Jamaica Act, the Banking Act, the Financial Services Act, the Financial Institutions Act and the Building

GLOBAL AND REGIONAL DEVELOPMENTS

Societies Act. These amendments to the financial services legislation are intended to enhance the legislative and regulatory framework of that sector with respect to preventing money laundering and facilitating the sharing of information with domestic and international regulatory agencies.

Barbados

Following the International Monetary Fund (IMF) Executive Board consultation with Barbados in 2005, the Fund urged Barbados to strengthen efforts to curb money laundering and the financing of terrorism. The IMF also complimented the Barbadian authorities on the progress made in addressing the outstanding issues from the Financial Sector Assessment Program and the continued growth and strengthening of the banking and financial sectors.

Cayman Islands

The Cayman Islands Stock Exchange (CSX) issued amendments to chapters 2 and 5 of its Membership Rules, which deal with admission requirements and procedures, and investigations, disciplinary proceedings and procedures for appeal respectively.

The IMF assessed the CSX against the relevant regulatory and anti-money laundering principles. The IMF assessment of the operations of the Exchange was positive, stating that the CSX appears to carry out its functions in a professional and competent manner. Of the 11 relevant IOSCO principles, 5 were rated as implemented, 2 were broadly implemented and 4 were not applicable.



The Bahamas

The Securities Commission of The Bahamas (SCB) released guidelines for the stale-dating of applications for authorization to operate in the securities and capital markets in or from The Bahamas. The intent of the guidelines is to communicate the Commission's established time-frame and procedure for the completion of the application process and to alert applicants to the fact that failure to act within the set period will lead to stale-dating. The guideline reflects international practice and is also indicative of the ongoing co-operation efforts between the Commission and the industry.

The SCB also approved a request from the Board of Directors of the Bahamas International Securities Exchange (BISX), following consultation with listed companies, for an increase in the fee for Domestic Primary Equity Listings on the BISX from \$2,500.00 to \$5,000.00.

The SCB approved a fast tracking process for applications for professional investment funds and investment funds that target accredited or high net worth investors, which are submitted to the Commission for licensing. Under this process the SCB guarantees approval of these categories of investment funds within 72 hours of receipt of a complete application. This process is a result of a collaborative effort between the SCB and market participants who had expressed concern regarding the inconsistent turnaround time for the approval of investment funds licensed by the SCB as compared with competing jurisdictions.

TRINIDAD AND TOBAGO: ECONOMIC AND CAPITAL MARKET DEVELOPMENTS

THE TRINIDAD AND TOBAGO ECONOMY

The Trinidad and Tobago economy continued to exhibit strong growth during the review period. This was mainly due to robust energy prices and a steady increase in the output of crude oil and natural gas. The Central Bank of Trinidad and Tobago estimates¹ that the economy is expected to grow by 7% in 2005 compared with 6.2% in 2004. This growth has been generated in both the energy and the non-energy sectors and is expected to continue, contributing to projected growth of the economy of 10.6% in 2006.

Value added in both the energy and non-energy sectors was estimated to have risen in 2005 by 8.2% and 5.6% respectively, compared with 6% and 3.5%, respectively, in the previous year. The strong economic activity in the non-energy sector was driven mainly by Construction (14.2%), Distribution (11.1%), and Transportation, Storage and Communications (5%). Moderate growth was observed in Electricity and Water (4.3%), Government (3.7%) and Manufacturing (3.7%). However, output within the agricultural sector fell by 2.9% mainly on account of persistent difficulties experienced by the restructured sugar industry.²

Recent data from the Central Statistical Office indicate that inflationary pressures have been increasing over the period. Headline inflation, as measured by the change in the Retail Price Index (RPI), increased from 5.6% in 2004 to 7% in September 2005. This was primarily due to rising food prices which increased by 23.1% compared with 13.3% in the corresponding period in 2004. Core inflation, which excludes food prices, measured 2.6% in 2005, the same rate as the year before. The outlook for 2006 projects headline inflation of 5%.

Labour market conditions continued to improve as the unemployment rate declined. By the end of the second quarter of 2005, the unemployment rate fell to 8.0% compared with an unemployment rate of 9% in the first quarter. During

the second quarter, 8,100 new jobs were created in the Construction and Energy sectors. In contrast, the Agriculture sector recorded a loss of 4,900 jobs. The outlook is for the unemployment rate to decline to 7% in 2006.

In the fiscal year 2004/2005, an overall surplus of \$2.8 billion was realized from Central Government operations. Of this amount, \$2.5 billion was transferred to the Revenue Stabilization Fund. On the external account, higher energy prices bolstered exports resulting in a surplus on the balance of payments. In 2005 exports rose to US\$8,834 million compared with \$6,403 million in 2004, outpacing the US\$983 million increase in imports and lifting the current account surplus to about 15% of GDP from 9% in 2003. Preliminary estimates from the Central Bank indicate that in 2005 the balance of payments surplus amounted to US\$1,802 million, compared with \$734 million in 2004.

CAPITAL MARKET DEVELOPMENTS

Over the current reporting period, security issuing activity on the capital market continued to show patterns similar to those observed in previous years, while trading activity on the Stock Exchange declined for the first time in three years. Activity in the issues of bonds and derivatives far outstripped activity in the equities sector, which only issued \$0.8 billion of the \$14.6 billion of total securities issued, excluding mutual funds. In the mutual funds sector, growth in the value of funds under management continued to be impressive with an estimated increase of some \$7 billion between December 2004 and December 2005.

The Stock Market

The total volume of shares traded decreased by 39% from 343.9 million in 2004 to 209.1 million in 2005, the lowest volume of shares traded over the past three years. Notwithstanding this significant decline in volume, the market value of trades for 2005 closed at \$4.32 billion compared to \$4.62 billion for 2004, a decrease of only 6.5%. This downturn in the local equities market may

1. *Central Bank of Trinidad and Tobago Monetary Report, October 2005.*

2. *Ibid.*

3. *Central Statistical Office: Retail Price Index, September 2005*

TRINIDAD AND TOBAGO: ECONOMIC AND CAPITAL MARKET DEVELOPMENTS

be attributed to higher interest rates, which caused investors to switch to alternative products offering higher returns and by the response to a regulatory directive by the regulator for pensions and insurance. During the financial year the Inspector of Financial Institutions informed institutional investors that equity positions in pension fund investments should not exceed 50% of the respective portfolios of the funds, in accordance with the Second Schedule of the Insurance Act. As a consequence, these institutional investors sought to adjust their portfolios by disposing of their excess equities, thereby becoming net sellers as opposed to net buyers, and contributing to the decline in the performance of the market. **Table 1** below summarizes the leading indicators of stock market performance.

The Composite Stock Price Index decreased by a marginal 0.67% from 1,074.60 points at the end of 2004 to close at 1,067.40 points at the end of 2005 (**Figure 10**). The All Trinidad & Tobago Index however, increased by 2.5% from 1,290.15 points at the end of 2004 to 1,323.34 points at the end of 2005. One of the reasons for this contrast in performance was the weak share price performance of the cross listed stocks, specifically the Jamaican cross listed stock. Whereas in 2004 two (2) Jamaican stocks held first and sec-

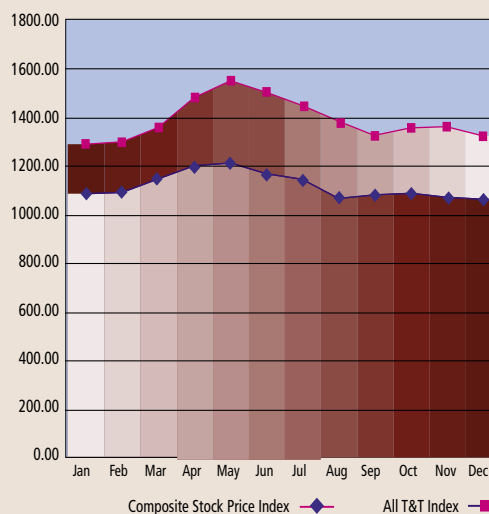


Figure 10
Trinidad and Tobago Stock Exchange: Selected Indicators 2001 - 2005

Source: Trinidad and Tobago Stock Exchange

ond places in terms of share price appreciations, with increases of over 100%, in 2005 the opposite occurred when both stocks endured price declines. Of the five (5) cross listed Jamaican stocks only one recorded a price increase while the other four recorded price depreciations.

Overall, 16 stocks experienced declines and 16 experienced advances while two held firm, reflecting the weakened stock market performance in 2005. Most of the declines occurred in the latter part of the year when the market was affected by selling pressures.

Indicator	Years (End of Period)				
	2005	2004	2003	2002	2001
Number of Issuers of Ordinary Shares	34	34	32	30	30
Volume of Shares Traded (Million)	209.1	343.9	436.5	974.8	124
Value of Shares Traded (Million)	4,326.31	4,619.37	2,807.08	1,070.42	1,058.32
Market Capitalization (\$ Billion)	107,503.70	107,560.05	67,979.57	48,099.25	31,768
Percentage Change in Market Capitalization (%)	(5.3)	58.2	41.3	51.4	8.3
Composite Stock Price Index	1,067.40	1,074.60	694.12	545.55	434.19
Change in Composite Stock Price Index (%)	(0.67)	54.8	27.2	25.6	(1.65)
All T&T Index	1,323.34	1,290.15	911.97	654.19	492.04
Change in All T&T Index (%)	2.57	41.4	39.4	32.9	(11.2)
Turnover Ratio	4.1	3.1	3.2	3.2	2.6

Table 1
Trinidad and Tobago Stock Exchange: Selected Indicators 2001 - 2005

Source: Trinidad and Tobago Stock Exchange

TRINIDAD AND TOBAGO: ECONOMIC AND CAPITAL MARKET DEVELOPMENTS

On March 18th 2005 the Stock Exchange recorded an historic event as it introduced automated trading, bringing its operations in line with other regional exchanges. The new system is expected to bring about a greater level of transparency in the market, and to promote a faster and more efficient trading process, which will allow for quicker access to trading information. Towards the end of the financial year, the Stock Exchange applied to the Commission for approval of its proposal to reduce the settlement period from T5 to T3 in early 2006, which approval was granted by the Commission in December 2005.

Debt Securities

Over the period under review \$13.8 billion of debt and debt related issues were registered with the Commission, an increase of 73% over the previous period, with bonds and commercial paper accounting for 64% of the total, and debt derivatives accounting for 36%. Bonds increased by

75% from \$5.0 billion for the year ending September 2004 to \$8.7 billion for the year ending September 2005, while debt derivatives increased by 71% from \$2.9 billion to \$5.0 billion over the same period (*Table 2*).

Approximately 75% of the total value of debt issues was denominated in Trinidad and Tobago dollars, with 23% denominated in United States dollars and 2% in Eastern Caribbean dollars. Of the total debt derivatives issued, 81% were denominated in Trinidad and Tobago dollars and 16% in United States dollars (*Table 3*).

Debt Issues

Table 4 (see next page) shows the value of bonds and derivatives registered with the Commission by category of issuer.

Over the period September 30, 2000 to September 30, 2005, the value of debt issues registered by the Commission increased at the aver-

Table 2
Change in value of
Registered Debt Issues
Sept. 2004 to Sept. 2005

Source: Trinidad and Tobago
Securities and Exchange
Commission

Types of Debt Security	Percentage of Total Value as at Sept. 2005	Value as at Sept. 2005 (TTD Billion)	Value as at Sept. 2004 (TTD Billion)	Percentage Increase/ (Decrease) over period
Bonds	64%	8,774,453,003	5,012,525,920	75%
Debt Derivatives	36%	5,037,539,147	2,949,128,730	71%
Total	100%	13,811,992,150	7,961,654,650	73%

Table 3
Currency of Registered
Debt Issues
Oct. 2004 to Sept. 2005

Source: Trinidad and Tobago
Securities and Exchange
Commission

Currency	Value of Bonds (TTD) \$000	Percentage of Total Value of Bonds	Value of Debt Derivatives (TTD) \$000	Percentage of Total Value of Derivatives	Total Value (TTD) \$000	Percentage of Total Value
XCD	94,000	1%	132,376	3%	226,376	2%
TTD	6,444,573	73%	4,085,625	81%	10,426,198	75%
USD	2,339,880	26%	1,215,947	16%	3,159,418	23%
Total	8,878,453	100%	5,037,539	100%	13,811,992	100%*

* Figures do not total due to rounding.

TTD Trinidad and Tobago Dollar
USD United States of America Dollar
XCD Eastern Caribbean Dollar
Conversion TTD/ USD = 6.29 TTD/ EC\$ = 2.35

TRINIDAD AND TOBAGO: ECONOMIC AND CAPITAL MARKET DEVELOPMENTS

Category of Issuer	Value of Bonds (TTD)	Value of Derivatives (TTD)	Percentage of Total Value
Private Sector-Domestic			
ANSA Merchant Bank Limited	125,000,000	4,359,294	0.94%
CLICO Investment Bank	1,096,750,000		7.94%
Citibank (Trinidad & Tobago) Limited		880,645,672	
Citicorp Merchant Bank Limited		2,936,587,123	21.26%
Guardian Holdings Limited	900,000,000		6.52%
RBTT Financial Holdings Limited	200,000,000		1.45%
RBTT Merchant Bank Limited		1,215,947,056	8.80%
Scotiabank Trinidad and Tobago Limited	200,000,000		1.45%
Trinidad Cement Limited	127,402,718		0.92%
Sub-Total Private Sector-Domestic	2,649,152,718	5,037,539,145	55.65%
Private Sector-Regional			
Angostura (Barbados) Limited	655,275,000		4.74%
Sub-Total Private Sector-Regional	655,275,000		4.74%
Government and Government Related Agencies			
Airports Authority of Trinidad & Tobago	193,000,000		1.40%
BWIA West Indies Airways Limited	222,900,000		1.61%
Government of Trinidad & Tobago	800,000,000		5.79%
Home Mortgage Bank Limited	100,000,000		0.72%
La Brea Industrial Development Company Limited	62,000,000		0.45%
National Housing Authority	306,000,000		2.22%
Public Transport Service Corporation	93,645,286		0.68%
Telecommunications Services of Trinidad & Tobago Limited	1,000,000,000		7.24%
Urban Development Corporation of Trinidad & Tobago	345,000,000		2.50%
Water & Sewerage Authority	920,000,000		6.66%
Sub-Total Government and Government Related Agencies	4,042,545,285		29.27%
Regional Governments and Government Related Agencies			
Transjamaican Highway Limited	817,700,000		5.92%
Government of Aruba	421,430,000		3.05%
Government of St. Vincent and the Grenadines	94,000,000		0.68%
Government of Turks and Caicos Islands	94,350,000		0.68%
Sub-Total Regional Governments and Government	1,427,480,000		10.34%
TOTAL	8,774,453,003	5,037,539,145	100.00%

Table 4

Value of Registered Bonds and Derivatives by Issuer Category Oct. 2004 to Sept. 2005

age annual rate of 32% with the slowest growth of 5.4% being recorded in 2003 and the highest occurring in the year ended September 2005, when issues registered increased by 73%.

For the second consecutive year, Citicorp Merchant Bank Limited accounted for the largest portion of debt derivatives registered with the Commission, with 58% of such issues. RBTT Merchant Bank Limited was the second

largest issuer with 24% of the total value of debt derivatives registered for the period.

Equity Issues

The Commission registered 318 million ordinary shares valued at \$837 million in 45 issues during the financial year 2004/2005. This compared with 1.65 billion ordinary shares in 28 issues in the previous financial year. As in the previous

TRINIDAD AND TOBAGO: ECONOMIC AND CAPITAL MARKET DEVELOPMENTS

year, the majority of issues coming to the market were management and employee stock compensation plans. Thirty-two issues accounting for 17.7 million shares were made pursuant to stock option plans of six reporting issuers listed on the Stock Exchange. This compares with twenty-two issues of stock option plans in which a total of 4.8 million shares were issued in the previous year. Other issues which were distributed were cross listings and rights issues. While the local equities market has not attracted initial public offerings during the review period, the market continues to be very active.

Collective Investment Schemes

The Commission issued receipts for ten (10) prospectuses covering the issues of nine (9) new mutual funds and one group retirement/pension product. This compared with the receipting of nine (9) prospectuses covering the issue of six mutual funds and three other collective investment schemes in the previous year.

Eight (8) new equity funds and one (1) new income and growth fund entered the local market. Of these four (4) funds were local in origin, four (4) were from Jamaica and one (1) fund was from the Cayman Islands.

To date the Commission has registered two hundred and twenty-one (221) collective investment schemes, of which 174 are foreign funds and 47 are local funds. Only thirty-five (35) of the foreign funds and forty-one (41) local funds are currently being actively sold or traded in Trinidad and Tobago. These seventy six (76) actively traded funds classified by their stated investment objectives include 9 bond funds, 29 equity funds, 12 growth and income funds, 6 hybrid funds, 9 money market funds, 6 pension/annuity funds, 1 real estate fund and 4 funds-of-funds.

Funds under management in the CIS industry continue to increase rapidly. It is estimated that at the end of 2005, the value of assets held in mutual funds would have grown from \$5 billion in 2000 to approximately TT\$34 billion, a value that would exceed that held in commercial bank deposits (*See Table 5*). Preliminary results of the *Baseline Study on Collective Investment Schemes* conducted by the Commission indicate that at the end of September 2004, some 12 funds, managed by four fund families, accounted for approximately 97% of total funds under management, with money market funds being the market leader with a share of 67%.

Year	2000 \$000	2001 \$000	2002 \$000	2003 \$000	2004 \$000	2005 \$000
Bond Fund	953,003	1,505,112	1,963,993	2,439,001	2,887,993	3,650,424
Equity Fund	41,645	36,576	52,630	189,569	562,964	711,587
Growth and Income Fund	1,298,817	1,449,639	2,008,659	3,501,513	5,219,424	6,597,352
Hybrid Fund	–	–	–	–	18,870	23,851
Money Market Fund	2,451,029	6,375,670	11,342,666	15,226,557	18,282,597	23,109,203
Pension/Annuity Scheme	14,805	22,979	56,034	81,825	120,220	151,958
The Industry	4,759,301,	9,389,978	15,423,983	21,438,468	27,092,070	34,244,377

Table 5
Collective Investment Schemes – Funds Under Management in Mutual Funds by Fund Type for the period 2001 to 2005

• 2005 Estimated Values

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DISCLOSURE, REGISTRATION AND CORPORATE FINANCE DIVISION

During the fiscal year 2004/2005, the Disclosure, Registration and Corporate Finance Division focused on: (1) the development and promotion of disclosure standards that are consistent with international best practice; (2) monitoring and review of continuous disclosure filings; and (3) the maintenance of a register of fit and proper market actors.

Disclosure Standards

During the review period, the Division issued for public comment four new draft guidelines establishing minimum standards for the conduct of securities business and the registration of certain financial products. These guidelines are entitled:

- The Annual Report
- The Regulatory Treatment of Deferred Annuity/Savings Plans
- The Definition of Stockbroking Activity
- The Information Memorandum Guidelines.

The market provided substantial comments on these draft guidelines and the Division is currently finalizing the guidelines for release in March 2006.

Efforts in the development of standards through the issuing of guidelines are ongoing and standards specific to the registration of collective investment schemes and their promotion and advertising practices are scheduled for release in March 2006.

Quality of Disclosure in the Securities Market

The Commission applied the standards recommended in the Collective Investment Schemes By-Laws proposed by the Consultants to the new collective investment scheme prospectuses submitted for receipting by the Commission. As a result, the quality of disclosure in the prospectuses of issuers of collective investment scheme

products has improved significantly during the period under review.

The Division will release a checklist of disclosure requirements that should be addressed in the prospectuses of mutual fund products. It is intended that the completed checklist will accompany each new application for grant of a receipt in respect of a prospectus and will assist in reducing the time expended in the development of satisfactory documents.

Monitoring and Review of Continuous Disclosure Filings

Efforts in this area continued to be focused on improving compliance with the continuous reporting obligations of Section 66 of the Act and By-Laws 55 and 56. While there has been some improvement in this area, the level of compliance with these obligations is estimated at 60%. This remains substantially below the Commission's target for the industry.

During the period, the Commission held hearings which saw penalties being imposed on 63 registrants for contravention of the filing requirements. The monitoring of timeliness of filings with the Commission is ongoing.

Register of Market Actors

The Commission's policy on initial registration and annual renewal was enhanced significantly to place greater emphasis on documenting certain basic information with respect to the persons who are given a statutory responsibility for the discharge of the registrant's business under the Securities Industry Act, 1995. During the next fiscal year, market actors should look forward to the issue of new Staff Guidelines for responsible persons in each registration category.

The second objective of the change in policy was geared towards ensuring the provision, upon annual application for renewal of registration, of sufficient proof that changes which have occurred in market actors' businesses over the registration period have not impaired their abili-

OPERATIONS REPORT

ty to carry out their business and discharge their obligations to their clients and the investing public.

The Registration of Market Participants

Market Actors

As at September 30, 2005 there were one hundred and seventy two (172) registered market actors who were licensed to conduct securities business in Trinidad and Tobago. **Table 6** provides a summary of market actors and reporting issuers registered with the Commission.

During the review period, nine new traders, one new broker, four new investment advisers and three new securities companies were registered. Notably, one of these securities companies represented the entry of an entity incorporated in Jamaica whose operations have been expanded to include a presence in Trinidad and Tobago.

A detailed list of persons registered in each category as at September, 2005 is provided in **Appendix 2**.

Reporting Issuers

Over the same period, five (5) additional reporting issuers were registered bringing the total to

eighty-one (81). Of these, the Fortress Caribbean Property Fund Limited was registered pursuant to the cross-listing of its shares. A list of reporting issuers is provided in **Appendix 3**.

Registration of Securities

Section 65(1) of the Securities Industry Act 1995 stipulates that “no security shall be offered to the public or listed with any self-regulatory organization unless it is registered with the Commission”. A summary of the securities registered with the Commission is provided in **Table 7 (See next page)**.

Equity Issues

During the period under review, forty-five (45) equity issues were registered by the Commission consisting of 130,622,754 units of the ordinary share capital of listed companies with an estimated value of TT\$837 million. The issues were distributed by purpose as follows: Management Stock Compensation and Employee Stock Ownership Plans; cross-listings; rights issues; and rectification of errors and omissions (**Appendix 4**).

In addition, the Commission conducted an exercise to reconcile its records with the published reports of issuers. This exercise resulted in the

Table 6
Market Actors and Reporting
Issuers Registered with the
Commission

Class of Registration	As at Sept 30, 2005	As at Sept 30, 2004	As at Sept 30, 2003	As at Sept 30, 2002	As at Sept 30, 2001
Market Actors:					
Brokers	11	11	10	10	10
Dealers	2	2	2	2	3
Investment Advisers	28	24	18	19	21
Securities Companies	23	21	20	20	18
Self-Regulatory Organizations	2	2	2	2	2
Traders	17	8	6	7	5
Underwriters	8	7	7	7	11
Total	91	75	65	67	70
Other Registrants:					
Reporting Issuers	81	76	74	70	69
Total	172	151	139	137	139

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Table 7
Classes of Securities
Registered by the Commission
annually over the period
October 1, 2001 to
September 30, 2005

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

registration of 187,662,344 shares in six companies that had been issued in previous years. The values of these shares are not included in the table indicated above.

Rights Issues

Rights issues approved include the registration of 10,085,192 ordinary shares of Guardian Holdings Limited pursuant to a 19 for 1 Rights Issue at TT\$40 per share. Approval was also granted in respect of an application for the registration of 58,880,000 units of the share capital of Capital & Credit Merchant Bank Limited pursuant to its 1 for 10 rights issue at US\$0.33 per share. The total value of these two issues was TT\$525.8 million.

Cross Listings

The Commission approved the registration 33,490,261 units, valued at TT\$174,149,357 of the Class A ordinary share capital of Fortress Caribbean Property Fund Limited on September 8, 2005 pursuant to its listing on the Trinidad and Tobago Stock Exchange.

Management Stock Option Plan Issues

Stock compensation plans for the management and executive management of listed companies continue to dominate the new equity issues. Of the forty-six (46) new equity issues approved by the Commission, thirty-two (32) issues were made pursuant to stock option plans for man-

agement, non-executive directors and executive management of six reporting issuers listed on the Trinidad and Tobago Stock Exchange. The number of ordinary shares issued under these six plans totalled 17,715,826 units valued at \$33,108,996. Issues by entities that were cross-listed on the Trinidad and Tobago Stock Exchange dominated the volume in this area.

Mutual Funds and Other Collective Investment Schemes

The Commission issued receipts for ten (10) prospectuses governing the issues of nine (9) mutual funds and one group retirement/pension product. The receipting of the mutual funds signalled the entry of eight (8) equity funds and one income and growth fund to the Trinidad and Tobago securities market. Of this total four (4) funds were of local origin, four (4) funds were of Jamaican origin and one (1) fund was of Caymanian origin. These funds are listed in *Appendix 5*.

Interest in the mutual fund sector continues to grow and there is a need for the establishment of standards for the conduct of business in the sector which has been virtually unregulated since inception. Furthermore, investors continue to place an increasingly large proportion of their savings in these products. It is estimated that by year-end 2005, the value of assets held in collective investment schemes would reach TT\$34 billion which would exceed the value of commercial bank deposits.

Three areas of the business and practice in the CIS sector are of particular concern to the Commission and its Staff as follows:

- Financial reporting by mutual funds
- Governance and supervision of the investing activity of mutual fund products
- Advertising and promotion of mutual fund products

Commencing in January 2006, the market is therefore likely to see increasing rule making activity in these and other areas affecting the CIS industry which will be geared towards establishing minimum standards of practice for the sector and safeguarding investor funds held in schemes in the sector.

Debt Securities

Thirty-three (33) debt issues with an estimated face value of TT\$8.7 billion were registered by the Commission. These comprise: twenty-four (24) TT dollar denominated issues with an aggregate face value of TT\$6.3 billion; eight (8) US dollar denominated issues with an aggregate face value of US\$ 372 million; and one (1) EC dollar denominated issues with an aggregate face value of EC\$40 million. A list of debt securities registered by the Commission is provided at **Appendix 6**.

Statutory bodies and state enterprises, and the private corporate sector were the major issuers of debt, each issuing approximately TT\$3.3 billion. The Government of Trinidad and Tobago registered debt issues with an aggregate face value of TT\$800 million while foreign issuers registered debt issues with an aggregate face value of approximately TT\$1.4 billion (**Figure 11**).

The market saw the placing of the two largest issues ever by a single private sector and a single public sector corporation. Guardian Holdings Limited offered securities valued at TT\$700 million, while Telecommunications Services of Trinidad and Tobago Limited (TSTT) offered securities valued at TT\$1 billion.

Twelve (12) derivative debt issues valued at TT\$5.03 billion were registered. This figure was comprised of: eight (8) issues with an aggregate value of TT\$4.08 billion; three (3) issues with an aggregate value of US\$130 million; and one (1) issue with an aggregate value of EC\$56.3 million. A list of derivative securities registered by the Commission is provided at **Appendix 7**.

MARKET REGULATION AND SURVEILLANCE DIVISION

For the period under review, the Market Regulation and Surveillance Division (MR&S) experienced a change in leadership with the resignation and subsequent replacement of the Director of the Division.

The appointment of new the Director, MR&S coincided with additional training for the Division's professional staff in preparation for enhanced monitoring, surveillance and examination of market actors by the Commission. The training had both local and overseas components.

Under the direction of the new Director, the Division of MR&S has:

- Commenced preparation of an examination manual as a guide for the conduct of examination of registrants under the proposed Securities Act;
- Begun a programme to establish and monitor Anti-Money Laundering standards in the securities industry; and
- Prepared an operational manual to be used to familiarize new professional staff to the Commission about the work of the

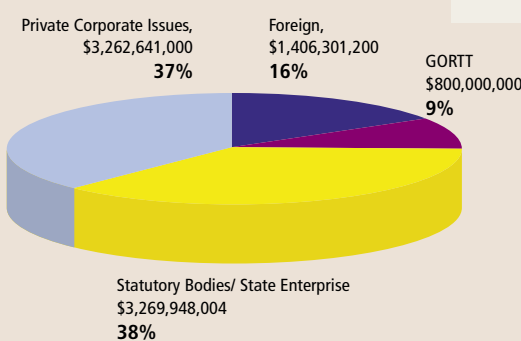


Figure 11
Distribution of Debt Issues by Issuer Category
Oct. 1 to Sept. 30, 2005

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Commission in general and the work of the Division in particular.

In preparation for the examination of registrants, MR&S plans to conduct market sensitization exercises before the end of the first quarter of 2006, and to issue Anti-Money Laundering Guidelines for public comment by June 2006.

Oversight of Self-Regulatory Organizations (SROs)

To improve the quality of regulatory compliance by brokers and in keeping with the Trinidad and Tobago Stock Exchange's status as an SRO, MR&S will, in 2006, encourage the Exchange to embark on scheduled examinations of its members. For the purpose of market oversight, MR&S will require that a copy of all examinations conducted by the Exchange be deposited with the Commission. The Exchange will also be required to ensure that its members establish clearly defined sales practices, guidelines, internal systems for control audit and compliance including anti-money laundering.

Investigations and Enforcement

A team comprising staff of MR&S and the Legal Advisory & Enforcement Division, continued the investigation into the case of possible insider trading that had commenced in the previous year, and started two new investigations under section 138 of the Act to determine whether any contraventions of the Act had occurred.

Notwithstanding the difficulties and time consuming nature of the investigations, the Division is steadfast in its determination to pursue suspected practices of market abuse that are either discovered in the course of regulating the market or directed to our attention by interested parties.

Market Surveillance

Market surveillance uses technology and pattern recognition systems to detect and investigate activities that may violate the rules of the Stock Exchange or the Act. In this regard MR&S continues to participate in an ongoing project by the Information Technology Department and the Research Division to create a programme specific to its market surveillance needs.

With the introduction of automated trading at the Stock Exchange, the Commission has secured a connection to the Horizon System and monitors on a real time basis the daily trading activities on the Stock Exchange.

In order to improve its surveillance capability, the Commission initiated a project that is designed to build on the existing monitor and to facilitate greater technical analysis of trends and developments in trading, as well as general market developments and corporate actions. This facility will improve the capacity of the Commission to respond promptly and to resolve market conduct issues, and is expected to be implemented by March 2006.

Complaints

For the review period MR&S received and took action in respect of three complaints and an application by the Exchange to delist three companies under section 45 of the Act on the ground that they were allegedly in breach of the requirements for their continued listing on the Exchange. The Commission responded by giving directions to the Exchange on the steps it should follow in accordance with its own Rules to secure the application of the Commission's powers to approve the de-listing of companies under section 45.

One of the three companies referred to by the Exchange also complained to the Commission that the Exchange failed to allow its shares to be traded in accordance with its listing agreement. In this matter, the Commission's staff found no merit in the complaint and the company was advised accordingly.

The second complaint was an allegation that a broker failed to follow instructions from a client, which resulted in losses to the investor. Our examination revealed that neither the broker nor the investor had any means of confirming that the alleged verbal instructions were given or received. The Broker offered to restore the investor to the position they would have been in if the transaction had been executed on the relevant date. The investor refused this offer and demanded cash compensation which the broker refused.

The Division also sought the intervention of the Legal Advisory & Enforcement Division to obtain an interim injunction to stop the operations of what appeared to be a pyramid scheme and a Receiver was appointed by the Court. The Receiver has been ordered by the Court to commence repayment of a portion of the funds and repayments are expected to begin early in 2006.

LEGAL ADVISORY AND ENFORCEMENT DIVISION

During the year ended September 30, 2005, the Legal Advisory & Enforcement Division continued to pursue the initiatives on which it concentrated last year, namely, the revision of the existing securities legislation and an enhanced enforcement programme.

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Revision of Securities Legislation

With regard to the securities legislation, the draft Securities Act, 2005 and draft By-Laws were received from the Consultants in December, 2004. However, a number of occurrences in the market made it obvious that the draft submitted by the consultants required careful review to ensure that such occurrences were addressed in the draft legislation. This review revealed a number of gaps in the draft legislation, and the Division spent a great deal of time refining the legislation and eliminating these gaps. The Division spearheaded the required amendments to the draft legislation in consultation with the other Divisions, in addition to considering comments from the market and liaising with the Consultants. The review of the draft legislation has been completed and the Commission's recommendations for a new Securities Act, 2006 and associated General By-Laws, Prospectus By-Laws and Collective Investment Schemes By-Laws, together with explanatory notes, have been submitted to the Minister of Finance.

In addition to the work that was completed in relation to the securities legislation, the Division finalized the Commission's Rules of Practice for Hearings and Settlements, which were submitted to the Minister of Finance in mid-2005.

Enforcement

In the second quarter of the financial year, the Division completed all outstanding enforcement matters relating to the failure by some registrants to file the required reports. This involved the completion of outstanding hearings, and the imposition of penalties on registrants that were found to be in contravention of the disclosure requirements under the Securities Industry Act and By-Laws. Two appeals against the orders of the Commission were withdrawn in early 2005.

The Division also completed the investigation into possible insider trading in a reporting issuer which was commenced in the previous financial year, and is currently awaiting the report of the investigator, which is expected to be presented to the Commission in early 2006.

Three new enforcement actions were commenced, two of which involved trading in large blocks of shares while the third revolved around an alleged non-disclosure of a material change by a reporting issuer. These matters are ongoing, and settlement discussions have been initiated in relation to two of these matters.

The Division sought and obtained an interim injunction to stop the operations of an apparent pyramid scheme and was instrumental in the appointment of a Receiver by the High Court with a view to obtaining restitution for investors in that scheme. The Receiver has been ordered by the Court to commence repayment of a portion of the funds, and is expected to begin doing so early in 2006. It is anticipated that investors will receive an interim payment and that the Receiver will dispose of certain assets suspected to have been acquired with the funds of investors in the pyramid scheme, following which a final payment will be made.

These enforcement actions are in keeping with the Commission's stated commitment to protect the local securities market from various forms of market abuse and to protect investors. This programme of enforcement is expected to continue in financial year 2005/2006.

Other Activities

In addition to the legislative review and enforcement actions listed above, the Division provided legal advice to the Commission and to the other Divisions of the Commission on transactional, opera-

tional and policy issues throughout the year under review. The Division also participated in the Commission's Investor Education Programme, by making presentations on the Act and on investor fraud and other forms of market abuse.

RESEARCH DIVISION

During 2005, the Research Division was involved in a number of activities which included the joint IMF/World Bank Financial Sector Assessment Programme (FSAP), the *Baseline Study on the Collective Investment Scheme Industry in Trinidad and Tobago*, and the Investor Education programme.

The Financial Sector Assessment Programme

Trinidad and Tobago requested a joint IMF/World Bank Financial Sector Assessment Programme (FSAP) which was conducted in the first half of the financial year 2004/2005. FSAPs are designed to assist governments, Central Banks and other regulatory agencies in assessing the financial sector's strengths and weaknesses and vulnerabilities to macroeconomic shocks.

The Research Division was involved in coordinating the Commission's responses to the questionnaire from the FSAP Mission. Members of staff of the Division also sat on the technical counterpart team which included representatives from other agencies. The FSAP Mission was completed in May, 2005 with the submission of a Draft Aide Memoire to which the Commission responded.

The FSAP made a number of recommendations for the strengthening of the regime for the regulation of the securities market. The recommendations included the strengthening of the disclosure regime, on-site inspections and governance of the

OPERATIONS REPORT

Commission, and the Commission has already commenced implementing some of these recommendations.

The Collective Investment Scheme Baseline Study

The Commission together with the Central Bank launched the *Baseline Study of the Collective Investment Scheme (CIS) Industry in Trinidad and Tobago (1997-2004)*. The study sought to accomplish the following:

- Conduct a systematic review and analysis of the growth and structure of the CIS industry in Trinidad and Tobago;
- Establish a quantitative and qualitative database on the CIS industry;
- Analyze the corporate governance and regulatory structures adopted by CISs in Trinidad and Tobago and determine consistency with international best practice; and
- Review and assess fund management practices of the CIS industry in Trinidad and Tobago.

The major outputs of this baseline study will be:

- A Baseline Report on the activities and practices of collective investment schemes in Trinidad and Tobago; and
- A comprehensive database of the industry.

The Division coordinated the *Baseline Study* which was conducted by a team comprising three consultants, five research assistants and two staff members of the Central Bank. The results of the study will be released in the first quarter of 2006.

Two further projects have been developed in relation to the Baseline Study. These are:

- The Securities Market Watch; and
- The Collective Investment Scheme Monitor.

These two projects are computer-based systems which are expected to improve the Commission's capacity to monitor and analyze trends and developments in both the stock market and the collective investment scheme market.

Investor Education

A critical function of the Commission is investor protection, of which investor education is a key component. The Division designed and implemented the Commission's investor education programme entitled "Educating the Investor", which was launched in April 2005. The Commission conducted three seminars which were attended by market participants and members of the public, including representatives of the credit union movement, and were supported by extensive media coverage and information brochures on the topics covered. The three seminars addressed the functions and powers of the Commission and compliance with continuous disclosure obligations.

A number of articles on investment fraud were also published in the print media and placed on the Commission's website.

External Committees

Members of the Division represented the Commission on the CARICOM Technical Working Group on Corporate Governance which developed a *Draft Code for Corporate Governance in the Caribbean*. The draft of this document has since been presented to each CARICOM Member for comments.

Members of the Division also represented the Commission on the Committee for the Implementation of the Recommendations of the *White Paper on the Financial Sector*, and on the Core Project Committee on Settlement and Payment Systems.

Strategic Plan

The Division coordinated the joint effort of the management and staff of the Commission in developing a strategic plan for the Commission for the period 2006-2010. The plan is expected to be rolled out in March 2006.

Other Activities

During the review period, the Research Division coordinated the production of the 2004 Annual Report of the Commission. The Division coordinates the preparation of the monthly operational report to the management and Board of the Commission, as well as quarterly reports on registration of securities and institutional developments in the securities market to the Minister. The Division also spearheaded a project which seeks to create a new filing and document management system for the Commission.

INFORMATION TECHNOLOGY, ADMINISTRATION AND HUMAN RESOURCE DEVELOPMENT

Information Technology Matters

During the period under review, the Information Technology Division aggressively implemented its programme of replacing obsolete computer equipment and upgrading software with the aim of enhancing efficiency and productivity in the Commission. However, in order to keep the Commission abreast of the rapid technological advancements that are currently taking place in the computer industry, the Division embarked on a project for the redesign, development and implementation of a modern information technology infrastructure. Completion of the network and telecommunications infrastructure phase of this project is scheduled to coincide with the relocation of the

OPERATIONS REPORT

Commission's offices in the first quarter of 2006.

The Commission envisaged an enhanced role for its website as an information portal and as the means of projecting its corporate image and promoting its business needs. In light of this, the Division started a project for the redesign of the architecture and visual layout of the Commission's website. Completion of this enhanced website is scheduled for early in the first quarter of 2006.

Staff and Administrative Matters

Compensation and Performance Systems

In March 2005, the Commission saw the fruition of recommendations made in 2003 to the Minister of Finance on the revision of the terms and conditions of employment for employees. All employees of the Commission were invited to voluntarily terminate their existing contracts in exchange for permanent employment. The new compensation scheme provided a compressed salary structure from 10 grades to 6 and introduced a suite of group benefits including life and health insurance and group pension.

Following the completion of the job evaluation exercise in the previous fiscal year, the Commission also embarked on an exercise to develop position descriptions in order to clarify incumbent responsibilities and required competencies across all levels of the organization. Draft position descriptions have been prepared and are currently being reviewed by the Commission. The next phase in this process is the revision and linking of a performance management system to the job descriptions.

Executive Recruitment

The search for a General Manager continued in 2005. In the absence of a General

Manager, the Chairman was appointed Chief Executive Officer on a full time basis from January 1 to September 30, 2005 and this appointment was extended to December 31, 2005.

Managerial Appointments

During the year the following managerial appointments were made. Ms. Denise Hackett Acting General Manager was appointed to the substantive position of General Counsel; Ms. Lynette Ramoutar was appointed Director Legal Advisory & Enforcement/Corporate Secretary; Mr. David Bazil was appointed Director Disclosure, Registration & Corporate Finance and Mr. Gregory A Simms was appointed to the position of Director Market Regulation & Surveillance.

Recruitment and Staffing

The staff complement of the Commission increased by two from thirty one (31) to thirty three (33) with six (6) new hires and four (4) resignations. There were two (2) promotions of professional officers.

Training and Development

Training, re-tooling, knowledge and skills development of staff continued as a priority of the Commission. Some of the major external regulatory conferences and programs in which the Commission participated include:

- IOSCO: Annual Conference, Seminar Training Program & Emerging Markets Committee
- US SEC Annual Securities Market Program
- US SEC Annual International Securities Enforcement & Market Oversight Institute
- Ontario Securities Commission Training Programme
- Euromoney Training Program
- COSRA Annual Meeting.

Fifteen (15) staff members from across five (5) divisions participated in eight (8) international programmes.

The local component of the training constituted twenty four (24) training programmes in which a total of twenty nine (29) staff members participated from across all divisions. Some of the areas of training included managerial/supervisory development, international financial reporting standards, project management, document management and training in the use of various software packages.

Relocation

The search continued in 2005 for suitable premises for the Commission. The Public Services Credit Union Building at 57-59 Dundonald Street Port of Spain was identified and negotiations culminated with the Commission entering into a 5-year lease with the Credit Union on June 30 2005. The Commission is currently involved in the necessary building and refit works. Relocation of operations is carded for March 2006.

APPENDICES

Appendix 1
Summary of World Outlook Projections
Annual Percentage Change in Real GDP

	2002	2003	2004	2005*	2006*
WORLD	3.0	4.0	5.1	4.3	4.3
Advanced Economies	1.6	1.9	3.3	2.5	2.7
United States	1.9	2.7	4.2	3.5	3.3
Euro Area	0.8	0.7	2.0	1.6	2.2
Japan	-0.3	1.4	2.7	2.0	2.0
Other Advanced Economies	3.6	2.5	4.4	3.2	3.9
Other Emerging Market and Developing Countries	4.8	6.5	7.3	6.4	6.1
Regional Groups					
Africa	3.5	4.6	5.3	4.5	5.9
Central and Eastern Europe	4.4	4.6	6.5	4.3	4.6
Commonwealth of Independent States	5.4 ¹	7.9	8.4	6.0	5.7
Developing Asia	6.6	8.1	8.2	7.8	7.2
Middle East	4.3	6.5	5.5	5.4	5.0
Western Hemisphere	-0.1	2.2	5.6	4.1	3.8
European Union	1.2	1.3	2.5	1.6	2.1

* Projections as at September 2005

1 This figure includes the percentage change in real GDP for Mongolia.

APPENDICES

Appendix 2
Securities Market Actors Registered by the Commission
for the period October 1, 2004 - September 30, 2005

Self-Regulatory Organizations	
1.	The Trinidad and Tobago Stock Exchange Limited
2.	The Trinidad and Tobago Central Depository Limited
Brokers	
Brokers	Securities Company <i>(with which employed)</i>
1.	Akan, Myrnelle AIC Securities Limited
2.	Balram, Kisraj West Indies Stockbrokers Limited
3.	Clarke, Peter West Indies Stockbrokers Limited
4.	Dhannyram, Kathleen Republic Securities Limited
5.	Johnson, Alvin Caribbean Stockbrokers Limited
6.	Mayers, Robert CMMB Securities Limited
7.	Mohammed, Sita West Indies Stockbrokers Limited
8.	Mullings, Donovan Bourse Securities Limited
9.	Padmore, Winston AIC Securities Limited
10.	Ramkhelawan, Subhas Bourse Securities Limited
11.	Salvary, Brent CMMB Securities Limited
Traders	
Traders	Securities Company <i>(with which employed)</i>
1.	Ali, Salma West Indies Stockbrokers Limited
2.	Alleyne, Harold Caribbean Stockbrokers Limited
3.	Basdeo, Roshan Bourse Securities Limited
4.	Bernard, Judy Republic Securities Limited
5.	Elias, Lauren CMMB Securities Limited
6.	Eve, Patricia Republic Securities Limited
7.	Fadahunsi, Osu Olayiwola AIC Securities Limited
8.	Gajadar, Kerry Caribbean Stockbrokers Limited
9.	Lee, Sean Caribbean Stockbrokers Limited
10.	Manmohan, Adrian West Indies Stockbrokers Limited
11.	Pariagh, Edgar CMMB Securities Limited
12.	Porter, Roger CMMB Securities Limited
13.	Ramnath-Singh, Gail Caribbean Stockbrokers Limited
14.	Savary, Hilary AIC Securities Limited
15.	Seebaran, Madree Bourse Securities Limited
16.	St. Louis, Leslie CMMB Securities Limited
17.	Vieira, Lisa Ann AIC Securities Limited
Dealers	
1.	RBTT Merchant Bank Limited
2.	Trinidad and Tobago Unit Trust Corporation

continued

APPENDICES

Appendix 2 (continued)

Securities Companies <i>(with classes of business indicated)</i>		
1.	AIC Capital Market Brokers Limited	Dealer, Underwriter, Investment Adviser
2.	AIC Securities Limited	Broker
3.	Ansa Merchant Bank Limited	Dealer, Underwriter, Investment Adviser
4.	Bourse Securities Limited	Broker, Dealer, Underwriter, Investment Adviser
5.	Caribbean Money Market Brokers Limited	Dealer, Underwriter, Investment Adviser, Broker
6.	Caribbean Stockbrokers Limited	Broker
7.	CLICO Investment Bank Limited	Underwriter, Investment Adviser
8.	CMMB Securities Limited	Broker, Dealer, Underwriter, Investment Adviser
9.	Dehring, Bunting & Golding Limited	Dealer, Underwriter, Investment Adviser
10.	Development Finance Limited	Dealer, Underwriter, Investment Adviser
11.	First Citizens Securities Trading Limited	Dealer, Underwriter, Investment Adviser
12.	First Citizens Trust and Asset Management Limited	Dealer, Underwriter, Investment Adviser
13.	General Finance Corporation Limited	Dealer, Underwriter, Investment Adviser
14.	Intercommercial Bank Limited	Dealer, Underwriter, Investment Adviser
15.	Intercommercial Trust & Merchant Bank Limited	Dealer, Underwriter, Investment Adviser
16.	One1 Financial Limited	Dealer, Underwriter, Investment Adviser
17.	RBTT Merchant Bank Limited	Dealer, Underwriter, Investment Adviser
18.	Republic Bank Limited	Dealer, Underwriter, Investment Adviser
19.	Republic Finance and Merchant Bank Limited	Underwriter
20.	Republic Securities Limited	Broker
21.	Scotiabank Trinidad and Tobago Limited	Underwriter
22.	Scotiabank Trust and Merchant Bank Trinidad and Tobago Limited	Dealer, Underwriter, Investment Adviser
23.	West Indies Stockbrokers Limited	Broker
Investment Advisers		
1.	AIC Advisory Limited	15. IFAS Limited
2.	AIC Securities Limited	16. IFH Investments Limited
3.	Alpha Savings & Trust Limited	17. International Investments Brokerage Services (Trinidad) Limited
4.	Bourse Securities Limited	18. ISCI Global Limited
5.	Caribbean Stockbrokers Limited	19. Marquis Portfolio Managers Limited
6.	Colonial Life Insurance Company (Trinidad) Limited	20. Mondial (Trinidad) Limited
7.	Dynamic Equity Limited	21. RBTT Asset Management Limited
8.	FirstCaribbean International Banking & Financial Corporation	22. RBTT Financial Advisors Limited
9.	Financial Concepts Limited	23. Republic Securities Limited
10.	Funds International Limited	24. Sagicor Life Inc.
11.	George Robert Douglas	25. Trinidad & Tobago Unit Trust Corporation Limited
12.	Global Financial Brokers Limited	26. Vega Capital Management Limited
13.	Guardian Asset Management Limited	27. Welthecon Investment Managers Limited
14.	I.Q. Financial Services (Trinidad and Tobago) Limited	28. West Indies Stockbrokers Limited
Underwriters		
1.	Citibank (Trinidad and Tobago) Limited	5. First Citizens Bank Limited
2.	Citicorp Merchant Bank Limited	6. RBTT Merchant Bank Limited
3.	FirstCaribbean International Bank (Bahamas) Limited	7. Sagicor Life Incorporated
4.	FirstCaribbean International Banking & Financial Corporation	8. Trinidad and Tobago Unit Trust Corporation

Appendix 3
Reporting Issuers Registered by the Commission
for the period October 1, 2004 - September 30, 2005

Reporting Issuers

- | | |
|--|--|
| 1. AddVenture Capital Fund Limited | 44. National Insurance Property Development Company Limited |
| 2. Agostini's Limited | 45. National Maintenance Training and Security Company Limited |
| 3. Airports Authority of Trinidad and Tobago | 46. Neal & Massy Holdings Limited |
| 4. Alstons Limited | 47. Nestle Trinidad and Tobago Limited |
| 5. Angostura (Barbados) Limited | 48. Pheonix Park Gas Processors Limited |
| 6. Angostura Holdings Limited | 49. Point Lisas Industrial Port Development Corporation Limited |
| 7. Angostura Limited | 50. Port Authority of Trinidad and Tobago |
| 8. ANSA McAL Limited | 51. Prestige Holdings Limited |
| 9. Ansa Merchant Bank Limited | 52. Public Transport Service Corporation |
| 10. Berger Paints Trinidad Limited | 53. RBTT Bank Limited |
| 11. BWIA West Indies Airways Limited | 54. RBTT Financial Holdings Limited |
| 12. Capital & Credit Merchant Bank Limited | 55. RBTT Merchant Bank Limited |
| 13. Caribbean Commercial Bank Limited | 56. Readymix (West Indies) Limited |
| 14. Caribbean Communications Network Limited | 57. Republic Bank Limited |
| 15. Caroni (1975) Limited | 58. Royal Skandia Life Assurance Limited |
| 16. Citibank (Trinidad and Tobago) Limited | 59. Sagicor Financial Corporation |
| 17. Citicorp Merchant Bank Limited | 60. Scotiabank Trinidad and Tobago Limited |
| 18. CLICO Investment Bank Limited | 61. St Christopher Air and Sea Ports Authority |
| 19. Courts (Trinidad) Limited | 62. St. Kitts Urban Development Corporation Ltd |
| 20. Dehring, Bunting and Golding Limited | 63. TCL Holdings Limited |
| 21. Development Finance Limited | 64. TCL Leasing Limited |
| 22. Dynamic Equity Venture Fund Limited | 65. TCL Service Limited |
| 23. Empresa Generadora de Electricidad Haina, S.A. (EGE Haina) | 66. Telecommunications Services of Trinidad and Tobago Limited |
| 24. FirstCaribbean International Bank Limited | 67. The Barbados Shipping & Trading Company Limited |
| 25. First Citizens Bank Limited | 68. The Home Mortgage Bank |
| 26. First Citizens Trust and Asset Management Limited | 69. The National Football Stadium Company Limited |
| 27. Flavorite Foods Limited | 70. Trinidad & Tobago Housing Development Corporation |
| 28. FNCU Venture Capital Company Limited | 71. The Vehicle Maintenance Corporation of Trinidad and Tobago Limited |
| 29. Fortress Caribbean Property Fund Limited | 72. The West Indian Tobacco Company Limited |
| 30. Furness Trinidad Limited | 73.. Tourism & Industrial Development Company of Trinidad and Tobago Limited |
| 31. GraceKennedy Limited | 74. Transjamaican Highway Limited |
| 32. Guardian Holdings Limited | 75. Trinidad & Tobago Unit Trust Corporation |
| 33. Hotels & Resorts Limited | 76. Trinidad Cement Limited |
| 34. Intercommercial Bank Limited | 77. Trinidad Publishing Company Limited |
| 35. Jamaica Money Market Brokers Limited | 78. Unilever Caribbean Limited |
| 36. Jamaica Public Service Company | 79. Urban Development Corporation of Trinidad & Tobago Limited |
| 37. L.J. Williams Limited | 80. Valpark Shopping Plaza Limited |
| 38. La Brea Industrial Development Company Limited | 81. Water & Sewerage Authority |
| 39. Mega Insurance Company Limited | |
| 40. Mora Ven Holdings Limited | |
| 41. National Commercial Bank Jamaica Limited | |
| 42. National Enterprises Limited | |
| 43. National Flour Mills Limited | |

APPENDICES

Appendix 4
Estimated Value of Equity Securities Registered by the Commission
September 30, 2004 to October 1, 2005

	Company	Type	Name	No. of Units	Date	Price TT\$	Total Value
1	The Barbados Shipping & Trading Company Limited	ESOP - Ordinary Common Shares	Ordinary Stock Units (pursuant to Employee Share Purchase Plan)	5,730	8/12/05	\$6.84	\$39,193
2	RBTT Financial Holdings Limited	ESOP - Ordinary Common Shares	Ordinary Share units (pursuant to Stock Option Plan for Non-Executive Directors and Executive Management)	24,700	8/26/05	Various	\$364,088
3	Capital & Credit Merchant Bank Limited	ESOP - Ordinary Common Shares	Ordinary Stock Units (pursuant to Employee Stock Ownership Plan)	4,300,000	9/27/05	\$2.51	\$10,797,214
Sub Total		ESOP - Ordinary Common Shares		4,330,430			\$11,200,495
4	Dehring, Bunting and Golding Limited	MSOP - Ordinary Common Shares	Ordinary Stock Units (pursuant to Executive Stock Option Plan)	13,560,017	10/12/04	\$0.10	\$1,326,170
5	The Barbados Shipping & Trading Company Limited	MSOP - Ordinary Common Shares	Ordinary Shares (pursuant to Executive Stock Option Plan)	11,000	10/12/04	Various	\$95,813
6	The Barbados Shipping & Trading Company Limited	MSOP - Ordinary Common Shares	Ordinary Shares (pursuant to Employee Stock Option Plan)	10,000	10/12/04	\$5.69	\$56,900
7	GraceKennedy Limited	MSOP - Ordinary Common Shares	Ordinary Stock Units (pursuant to Managers Stock Option Plan)	514,281	11/12/04	\$4.72	\$2,427,505
8	RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	Ordinary Shares (pursuant to Stock Option Plan for Non-Executive Directors and Management)	113,000	11/18/04	Various	\$312,845

APPENDICES

Appendix 4 (continued)

	Company	Type	Name	No. of Units	Date	Price TT\$	Total Value
9	GraceKennedy Limited	MSOP - Ordinary Common Shares	Ordinary Stock Units (99,415 pursuant to Managers Stock Option Plan and 81,713 pursuant to Directors Stock Option Plan)	181,128	11/23/04	Various	\$720,810
10	The Barbados Shipping & Trading Company Limited	MSOP - Ordinary Common Shares	Ordinary Shares (pursuant to Executive Stock Option Plan)	4,029	11/23/04	\$2.75	\$11,080
11	RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	Ordinary Shares (pursuant to Share Option Plan for Non-Executive Directors and Executive Management)	19,200	12/9/04	Various	\$312,845
12	GraceKennedy Limited	MSOP - Ordinary Common Shares	Ordinary Stock Units (pursuant to Stock Option Plan for Managers)	48,067	12/29/04	\$4.72	\$226,885
13	GraceKennedy Limited	MSOP - Ordinary Common Shares	Ordinary Stock Units (pursuant to Stock Option Plan for Directors)	972,026	12/29/04	\$3.08	\$2,992,366
14	RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	Ordinary shares (pursuant to Share Option plan for Non-Executive and Executive Management)	70,029	1/13/05	Various	\$977,559
15	GraceKennedy Limited	MSOP - Ordinary Common Shares	Ordinary Stock Units (196,289 pursuant to Stock Option Plan for Managers and 500,000 pursuant to Stock Option Plan for Directors)	696,289	2/17/05	Various	\$2,465,764
16	GraceKennedy Limited	MSOP - Ordinary Common Shares	Ordinary Stock Units (pursuant to Stock Option Plan for Managers)	24,612	2/17/05	\$4.72	\$116,173
17	RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	Ordinary Shares (pursuant to Share Option Plan for Non-Executive Directors and Executive Management)	44,012	2/17/05	Various	\$740,568

APPENDICES

Appendix 4 (continued)

	Company	Type	Name	No. of Units	Date	Price TT\$	Total Value
18	GraceKennedy Limited	MSOP - Ordinary Common Shares	Ordinary Stock Units (pursuant to Stock Option Plan for Managers)	35,421	4/14/05	\$4.72	\$167,194
19	GraceKennedy Limited	MSOP - Ordinary Common Shares	Ordinary Stock Units (pursuant to Stock Option Plan for Managers)	63,347	4/14/05	\$4.72	\$299,010
20	One Caribbean Media Limited	MSOP - Ordinary Common Shares	Caribbean Communications Network Limited 111,156 Ordinary Shares pursuant to Management Share Option Plan	111,156	4/14/05	\$7.25	\$805,881
21	The Barbados Shipping & Trading Company Limited	MSOP - Ordinary Common Shares	Ordinary Shares (pursuant to Executive Stock Option Plan and Employee Share Purchase Plan)	213,096	4/14/05	Various	\$3,186,654
22	RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	Ordinary Shares (pursuant to Share Option Plan for Non-Executive Directors and Executive Management)	123,500	4/29/05	Various	\$2,046,185
23	RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	Ordinary Shares (pursuant to Share Option Plan for Non-Executive Directors and Executive Management)	70,635	4/29/05	Various	\$1,235,835
24	RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	Ordinary Shares (pursuant to Share Option Plan for Non-Executive Directors and Executive Management)	56,800	5/12/05	Various	\$901,727
25	GraceKennedy Limited	MSOP - Ordinary Common Shares	Ordinary Stock Units (pursuant to its Stock Option Plan for Managers)	75,450	5/18/05	\$4.72	\$356,138
26	GraceKennedy Limited	MSOP - Ordinary Common Shares	Grace Kennedy & Company Limited 57,942 Ordinary Stock Units pursuant to the 2003 Stock Option Plan for Managers	57,942	6/23/05	\$4.72	\$273,497

APPENDICES

Appendix 4 (continued)

	Company	Type	Name	No. of Units	Date	Price TT\$	Total Value
27	RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	RBTT Financial Holdings Limited 19,366 Ordinary Shares pursuant to the Share Option Plan for Non-Executive Directors and Executive Management	19,366	6/23/05	\$21.60	\$418,306
28	RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	RBTT Financial Holdings Limited 22,617 Ordinary Shares pursuant to the Share Option Plan for Non-Executive Directors and Executive Management	22,617	6/23/05	Various	\$400,553
29	Republic Bank Limited	MSOP - Ordinary Common Shares	Ordinary Share Units (pursuant to Executive Share Option Plan)	150,000	7/13/05	\$43.40	\$6,510,000
30	GraceKennedy Limited	MSOP - Ordinary Common Shares	Grace Kennedy Limited 33,906 Ordinary Shares pursuant to its Stock Option Plan for Manager	33,906	7/21/05	\$4.72	\$160,043
31	One Caribbean Media Limited	MSOP - Ordinary Common Shares	Caribbean Communications Network Limited 100,000 Ordinary Shares pursuant to Management Share Option Plan	100,000	7/28/05	\$7.25	\$725,000
32	The Barbados Shipping & Trading Company Limited	MSOP - Ordinary Common Shares	Ordinary Stock Units (pursuant to Stock Option for Managers)	45,300	8/5/05	Various	\$449,656
33	One Caribbean Media Limited	MSOP - Ordinary Common Shares	Caribbean Communications Network Limited 250,000 Ordinary Shares pursuant to Management Share Option Plan	250,000	8/12/05	\$7.25	\$1,812,500
34	RBTT Financial Holdings Limited	MSOP - Ordinary Common Shares	RBTT Financial Holdings Limited 36,407 shares pursuant to Share Option Plan for Non-Executive Directors and Executive Management	36,407	8/12/05	Various	\$577,532

APPENDICES

Appendix 4 (continued)

	Company	Type	Name	No. of Units	Date	Price TT\$	Total Value
	Sub Total	MSOP - Ordinary Common Shares		17,732,633			\$33,108,996
35	Sagicor Financial Corporation	ORD - Ordinary Common Shares	Series "A" ordinary shares (pursuant to the transfer of the insurance business of First Life Insurance Limited to Life of Jamaica Limited, a subsidiary of Sagicor)	6,104,238	5/12/05	\$15.20	\$92,758,322
36	Fortress Caribbean Property Fund	ORD - Ordinary Common Shares	Ordinary Share units (pursuant to cross listing on the Trinidad & Tobago Stock Exchange)	33,490,261	9/8/05	\$5.20	\$174,149,357
37	Guardian Holdings Limited	RIGHTS - Ordinary Common Shares	Guardian Holding Limited 19 for 1 Rights Issue at TT\$40.00 per share	10,000,000	6/9/05	\$40.00	\$400,000,000
38	Guardian Holdings Limited	RIGHTS - Ordinary Common Shares	Ordinary Shares (pursuant to a 19 for 1 Rights Issue at TT\$40.00 per share)	85,192	7/14/05	\$40.00	\$3,407,680
39	Capital & Credit Merchant Bank Limited	RIGHTS - Ordinary Common Shares	Ordinary Shares (pursuant to a 1 for 10 Rights Issue at US\$0.33 per share)	58,880,000	9/29/05	\$2.08	\$122,409,577
	Sub Total	ORD - Ordinary Common Shares		108,559,691			\$792,724,936
	Total Equity			130,622,754			\$837,034,428
Corrections of Registration Information							
40	National Enterprises Limited	ORD - Ordinary Common Shares	Ordinary Stock Units (pursuant to reconciliation of number of shares registered with number of shares issued)	641	12/9/04	N/A	
41	National Flour Mills Limited	ORD - Ordinary Common Shares	Ordinary Stock Units (pursuant to reconciliation of number of shares registered with number of shares issued)	60,100,000	1/13/05	N/A	

APPENDICES

Appendix 4 (continued)

	Company	Type	Name	No. of Units	Date	Price TT\$	Total Value
42	Trinidad Cement Limited	ORD - Ordinary Common Shares	Ordinary Stock Units - Reconciliation Exercise (pursuant to an issue of shares to Commonwealth Development Corporation and CEMEX S.A. DE C.V.)	9,480,437	1/13/05	N/A	
43	Republic Bank Limited	BONUS - Ordinary Common	Ordinary Stock Units (pursuant to a Bonus Issue of shares in 1997)	47,704,081	2/17/05	N/A	
44	Scotiabank Trinidad & Tobago Limited	BONUS - Ordinary Common	Ordinary Stock Units - Reconciliation Exercise (pursuant to a Bonus Issue of shares in 1998)	42,750,000	2/17/05	N/A	
45	Trinidad Publishing Company Limited	SPLIT - Stock Split	Ordinary Stock Units - Reconciliation Exercise (pursuant to a Stock Split of shares 1998)	27,627,185 187,662,344	2/17/05	N/A	

APPENDICES

Appendix 5
Collective Investment Schemes Securities Registered by the Commission
for the period October 1, 2004 - September 30, 2005

	Sponsor	Product Name	Product Type	Country of Origin	Registration Date	Fund	Currency
1	First Citizens Bank Limited	First Citizens Bank Group Retirement Provider	Open End	Trinidad and Tobago	13-Oct-04	Retirement/Pension	TT Dollar
2	First Citizens Trust and Asset Management Limited	Immortelle Income and Growth Fund TT Dollar	Open End	Trinidad and Tobago	27-Jun-05	Growth & Income Fund	TT Dollar
3	Bourse Securities Limited	Savinvest US Dollar Denominated Investment Income Fund	Closed End	Trinidad and Tobago	13-Jan-05	Equity Fund	US Dollar
4	Bourse Securities Limited	Savinvest India Asia Fund	Open End	Trinidad	22-Aug-05	Equity Fund	US Dollar
5	GraceKennedy Limited	GK Global Fund	Open End	Jamaica	11-Apr-05	Equity Fund	US Dollar
6	GraceKennedy Limited	GK Caribbean/US Equity Fund	Open End	Jamaica	14-Apr-05	Equity Fund	US Dollar
7	GraceKennedy Limited	GK Global Industry Focused Fund	Open End	Jamaica	14-Apr-05	Equity Fund	US Dollar
8	GraceKennedy Limited	GK Caribbean Blue Chip Index Fund	Open End	Jamaica	14-Apr-05	Equity Fund	US Dollar
9	JMMB Securities Limited	JMMB Select Index Mutual Fund Limited	Open End	Cayman Islands	7-Jul-05	Equity Fund	JA Dollar
10	ANSA Merchant Bank Limited	ANSA Secured Fund	Open End	Trinidad and Tobago	14-Jul-05	Equity Fund	TT Dollar

APPENDICES

Appendix 6
Fixed Income Securities Registered by the Commission
for the period October 1, 2004 - September 30, 2005

Issuer	Name of Security	Currency/ Face Value	Registration Date
Water & Sewerage Authority	Water and Sewerage Authority TT\$500,000,000 6.175% Guaranteed Fixed Rate Bond due 2024	TTD \$500,000,000.00	15-Oct-04
Government of St. Vincent and the Grenadines	Government of St. Vincent and the Grenadines EC\$40,000,000 7.0% Fixed Rate Bond Issue due 2014	XCD \$40,000,000.00	02-Nov-04
La Brea Industrial Development Company Limited	La Brea Industrial Development Company Limited TT\$62,000,000 6.05% Fixed Rate Bond Issue due 2014	TTD \$62,000,000.00	07-Dec-04
Guardian Holdings Limited	Guardian Holdings Limited TT\$700,000,000 Serial Fixed Rate Bond Due 2014 Series 1 TT\$350,000,000 6.625%	TTD \$350,000,000.00	07-Dec-04
Guardian Holdings Limited	Guardian Holdings Limited TT\$700,000,000 Serial Fixed Rate Bond Due 2014 Series 2 TT\$350,000,000 6.42%	TTD \$350,000,000.00	07-Dec-04
Transjamaican Highway Limited	Transjamaican Highway Limited Class A US\$ 70,000,000 10.85% Fixed Rate Bond due 2011	USD \$70,000,000.00	13-Jan-05
Transjamaican Highway Limited	Transjamaican Highway Limited Class B US\$ 60,000,000.00 11.50% Fixed Rate Bond due 2014	USD \$60,000,000.00	13-Jan-05
Government of Trinidad & Tobago	Government of the Republic of Trinidad and Tobago TT\$400,000,000 6% Fixed Rate Bond due 2015	TTD \$400,000,000.00	08-Mar-05
The Home Mortgage Bank	Home Mortgage Bank Secured Fixed Rate (Tax Free and Taxable) Bonds due 2013 and 2015 (Sixty First Issue)	TTD \$100,000,000.00	05-Apr-05
Guardian Holdings Limited	Guardian Holdings Limited TT\$200,000,000 5.50% 180-day Unsecured Loan Notes 2005 (TT\$50,000,000 Placed)	TTD \$200,000,000.00	12-Apr-05
Airports Authority of Trinidad and Tobago	Airports Authority of Trinidad and Tobago 5.75% Fixed Rate Bond due 2020	TTD \$193,000,000.00	29-Apr-05
Public Transport Service Corporation	Public Transport Service Corporation TT\$93,645,285.79 5.95% Fixed Rate Bond Due 2020	TTD \$93,645,285.79	29-Apr-05
Urban Development Corporation of Trinidad & Tobago Limited	Urban Development TT\$300,000,000 Secured Fixed Rate Bond due 2008	TTD \$300,000,000.00	12-May-05
Government of Trinidad & Tobago	Government of the Republic of Trinidad & Tobago TT\$400,000,000.00 6.10% Fixed Rate Bond Issue due 2015	TTD \$400,000,000.00	16-May-05
Water & Sewerage Authority	Water & Sewerage Authority TT\$420,000,000 6.35% Fixed Rate Bond due 2020	TTD \$420,000,000.00	01-Jun-05
Telecommunications Services of Trinidad and Tobago Limited	Telecommunications Services of Trinidad and Tobago Limited TT\$1,000,000,000 6.225% Fixed Rate bond due 2015	TTD \$1,000,000,000.00	24-Jun-05

APPENDICES

Appendix 6 (continued)

Issuer	Name of Security	Currency/ Face Value	Registration Date
CLICO Investment Bank Limited	CLICO Investment Bank Limited Fixed Rate Bond due 2015 Tranche 3 - US\$25,000,000 7.50%	USD \$25,000,000.00	29-Jun-05
CLICO Investment Bank Limited	CLICO Investment Bank Limited Fixed Rate Bond due 2015 Tranche 1 - US\$50,000,000 7.50%	USD \$50,000,000.00	29-Jun-05
CLICO Investment Bank Limited	CLICO Investment Bank Limited Fixed Rate Bond due 2015 Tranche 2 - TT\$625,000,000 7.675%	TTD \$625,000,000.00	29-Jun-05
Scotiabank Trinidad & Tobago Limited	Scotiabank TT\$200,000,000 6.10% Fixed Rate Bond due 2011	TTD \$200,000,000.00	14-Jul-05
BWIA West Indies Airways Limited	BWIA West Indies Airways Limited (BWIA) TT\$ 222.9 million 6.3% Transferable Loan Note due 2017	TTD \$222,900,000.00	14-Jul-05
Angostura (Barbados) Limited	Angostura (Barbados) Limited TT\$120,625,000 7.3% Fixed Rate Bonds Due 2011 Class A	TTD \$120,625,000.00	14-Jul-05
Angostura (Barbados) Limited	Angostura (Barbados) Limited US\$10,000,000 7.15% Fixed Rate Bonds Due 2011 Class B	USD \$10,000,000.00	14-Jul-05
Angostura (Barbados) Limited	Angostura (Barbados) Limited US\$75,000,000 Floating Rate Bonds Due 2011 Class C	USD \$75,000,000.00	14-Jul-05
Ansa Merchant Bank Limited	Ansa Merchant Bank Limited Series A \$25,000,000.00 Floating Rate Medium Term Loan Note due 2010	TTD \$25,000,000.00	14-Jul-05
RBTT Financial Holdings Limited	RBTT Financial Holdings Limited TT\$200,000,000 6.75% Fixed Rate Callable Bond issue due 2014	TTD \$200,000,000.00	14-Jul-05
Urban Development Corporation of Trinidad & Tobago Limited	Urban Development TT\$45,000,000 Secured Fixed Rate Bond due 2010	TTD \$45,000,000.00	12-Aug-05
Trinidad & Tobago Housing Development Corporation	National Housing Authority TT\$1,381,000,000.00 Fixed Rate Bond Due 2025 - Tranche 1: TT\$306,000,000.00 7% Fixed Rate Bond Issue 2025	TTD \$306,000,000.00	17-Aug-05
Ansa Merchant Bank Limited	ANSA Merchant Bank Limited TT\$200,000,000 - Series C (TT\$50,000,000) Floating Rate Medium Term Loan Note due 2011	TTD \$50,000,000.00	08-Sep-05
Trinidad Cement Limited	Trinidad Cement Limited TT\$ 127,402,718 16.25% Fixed Rate Bonds 1998 – 2023	TTD \$127,402,718.00	08-Sep-05
Government of Aruba	Government of Aruba US\$67,000,000 6.8% Fixed Rate Non Callable Bond Issue 2004 – 2014	USD \$67,000,000.00	08-Sep-05
Ansa Merchant Bank Limited	ANSA Merchant Bank Limited TT\$200,000,000 Medium Term Loan Note - Series B (TT\$50,000,000) 6.00% Fixed Rate Medium Term Loan Note due 2011	TTD \$50,000,000.00	08-Sep-05
Government of Turks and Caicos	Government of Turks and Caicos Islands US\$15,000,000 Floating Rate Non Callable Bond Issue 2004 – 2014	USD \$15,000,000.00	08-Sep-05

APPENDICES

Appendix 7
Derivative Securities Registered by the Commission
for the period October 1, 2004 – September 30, 2005

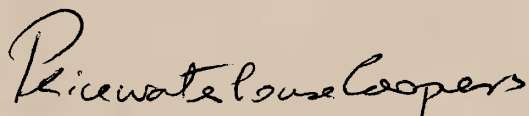
Issuer	Name of Security	Currency/ Face Value	Registration Date
Citicorp Merchant Bank Limited	Citicorp Merchant Bank Limited XCD\$56,330,309 Certificates of Interest in Government of St. Vincent and the Grenadines EC\$40,000,000 7.0% Fixed Rate Bond due 2014	XCD \$56,330,308.64	02-Nov-04
Citicorp Merchant Bank Limited	Citicorp Merchant Bank Limited TTD\$1,083,547,500 Certificates of Interest Guardian Holdings Limited TT\$700,000,000 Serial Fixed Rate Bond Due 2014	TTD \$1,083,547,500.00	07-Dec-04
Citicorp Merchant Bank Limited	Citicorp Merchant Bank Limited TTD\$84,719,231 Certificates of Participation in La Brea Industrial Development Company Limited TT\$62,000,000 6.05% Fixed Rate Bond due 2014	TTD \$84,719,231.39	07-Dec-04
Citicorp Merchant Bank Limited	Citicorp Merchant Bank Limited TTD\$309,131,667 Certificates of Participation in bpTT TT\$480 million 11.75% Fixed Rate Bond due 2021	TTD \$309,131,666.67	29-Dec-04
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited USD\$70,000,000 Certificates of Participation in Transjamaican Highway Limited Class A US\$ 70,000,000.00 10.85% Fixed Rate Bond due 2011	USD \$70,000,000.00	13-Jan-05
Citicorp Merchant Bank Limited	Citicorp Merchant Bank Limited TTD\$1,326,812,500 Certificates of Interest in Telecommunications Services of Trinidad and Tobago Limited TT\$1,000,000,000 6.225% Fixed Rate bond due 2015	TTD \$1,326,812,500.00	24-Jun-05
Citibank (Trinidad and Tobago) Limited	Citibank (Trinidad and Tobago) Limited TTD\$880,645,673 Certificates of Interest in CLICO Investment Bank Limited Tranche 2 - 7.675% Fixed Rate Bond due 2015	TTD \$880,645,672.57	29-Jun-05
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited TTD\$207,409,197 Certificates of Interest in RBTT 6.75% Fixed Rate Callable Bond due 2014	TTD \$207,409,197.28	14-Jul-05
Ansa Merchant Bank Limited	Ansa Merchant Bank Limited TTD\$4,359,295 Certificates of Participation in Grenada Electricity Service Limited US\$9,300,000.00 8.8% Fixed Rate Bond 2001 – 2011	TTD \$4,359,294.81	14-Jul-05
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited TTD\$189,000,000 Certificates of Interest in Government of Aruba US\$67,000,000 6.8% Fixed Rate Non Callable Bond Issue 2004 – 2014	TTD \$189,000,000.00	08-Sep-05
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited USD\$37,000,000 Certificates of Interest in Government of Aruba US\$67,000,000 6.8% Fixed Rate Non Callable Bond Issue 2004 – 2014	USD \$37,000,000.00	08-Sep-05
RBTT Merchant Bank Limited	RBTT Merchant Bank Limited USD\$23,292,188 Certificates of Interest in Government of Turks and Caicos Islands US\$15,000,000 Floating Rate Non Callable Bond Issue 2004 – 2014	USD \$23,292,187.50	08-Sep-05

**TO THE MEMBERS OF
THE TRINIDAD & TOBAGO SECURITIES AND EXCHANGE COMMISSION**

We have audited the accompanying balance sheet of The Trinidad & Tobago Securities and Exchange Commission as at 30 September 2005, and the related income and expenditure account, changes in government subvention and cash flow statement for the year then ended, as set out on pages 45 to 48. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with international standards on auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at 30 September 2005 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



PricewaterhouseCoopers
Port of Spain
Trinidad, West Indies
20 December 2005


BALANCE SHEET

TRINIDAD & TOBAGO SECURITIES AND EXCHANGE COMMISSION


	Notes	30 September	
		2005	2004
		\$	\$
ASSETS			
Non-Current Assets			
Equipment and fixtures	2	1,530,479	1,374,801
Current Assets			
Cash at bank		6,632,586	3,023,324
Fixed deposits		4,519,781	4,841,749
Other assets		1,158,607	187,339
		12,310,974	8,052,412
Total Assets		13,841,453	9,427,213
GOVERNMENT SUBVENTION AND LIABILITIES			
Government subvention		13,444,554	8,272,149
Current Liabilities			
Accrued charges and other liabilities	3	396,899	1,155,064
Total Government Subvention and Liabilities		13,841,453	9,427,213

The accounting policies on pages 49 to 50 and the notes on pages 51 to 53 form an integral part of these financial statements.

On 20 December 2005, the Commissioners of The Trinidad & Tobago Securities and Exchange Commission authorised these financial statements for issue.

Commissioner 

Commissioner 

Chairman 

INCOME AND EXPENDITURE ACCOUNT

TRINIDAD & TOBAGO SECURITIES AND EXCHANGE COMMISSION

	Notes	Year Ended 30 September	
		2005 \$	2004 \$
Income			
Registration fees		2,522,917	1,312,534
Interest		192,975	187,882
Other income		2,622	240
		2,718,514	1,500,656
Expenses			
Administration		(1,085,708)	(1,856,742)
Finance		(5,262)	(2,797)
Operating		(10,445,625)	(6,403,096)
		(11,536,595)	(8,262,635)
Deficit Before Taxation	5	(8,818,081)	(6,761,979)
Taxation	6	(9,514)	(2,759)
Net Deficit		(8,827,595)	(6,764,738)

The accounting policies on pages 49 to 50 and the notes on pages 51 to 53 form an integral part of these financial statements.

STATEMENT OF CHANGES IN GOVERNMENT SUBVENTION

TRINIDAD & TOBAGO SECURITIES AND EXCHANGE COMMISSION

	Notes	Year Ended 30 September	
		2005 \$	2004 \$
Balance at beginning of year		8,272,149	5,758,879
Net deficit for the year		(8,827,595)	(6,764,738)
Subvention receipts from Government of Trinidad & Tobago		14,000,000	9,278,008
Balance at end of year		13,444,554	8,272,149

The accounting policies on pages 49 to 50 and the notes on pages 51 to 53 form an integral part of these financial statements.

CASH FLOW STATEMENT

TRINIDAD & TOBAGO SECURITIES AND EXCHANGE COMMISSION

	Notes	Year Ended 30 September	
		2005 \$	2004 \$
Operating Activities			
Deficit before taxation		(8,818,081)	(6,761,979)
Adjustment to reconcile deficit to net cash from operating activities:			
Depreciation		366,163	324,171
Gain on disposal of office equipment		(3,836)	--
Gain on foreign exchange		(143)	--
Net change in operating assets and liabilities		(1,734,512)	28,787
		(10,190,409)	(6,409,021)
Taxation paid net of tax refund		(4,292)	(5,572)
Net Cash Outflow From Operating Activities		(10,194,701)	(6,414,593)
Investing Activities			
Purchase of equipment and fixtures		(529,991)	(202,742)
Disposal of equipment and fixtures		11,986	--
Net Cash Outflow From Investing Activities		(518,005)	(202,742)
Financing Activity			
Proceeds from Government subvention		14,000,000	9,278,008
Increase in Cash and Cash Equivalents		3,287,294	2,660,673
Cash and Cash Equivalents			
At beginning of year		7,865,073	5,204,400
Increase		3,287,294	2,660,673
End of year		11,152,367	7,865,073
Represented By:			
Cash		6,632,586	3,023,324
Fixed deposits		4,519,781	4,841,749
		11,152,367	7,865,073

The accounting policies on pages 49 to 50 and the notes on pages 51 to 53 form an integral part of these financial statements.

ACCOUNTING POLICIES

30TH SEPTEMBER 2005

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

a. Basis of preparation

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

b. Foreign currencies

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

c. Financial instruments

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

d. Equipment and fixtures

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

Office equipment	–	10 % - 25%
Computer equipment	–	25%
Fixtures and fittings	–	10%
Motor Vehicle	–	25%

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

e. Cash and cash equivalents

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

f. 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.

g. Deferred income taxes

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

The principal temporary differences arise from depreciation on equipment and tax losses carried forward. Deferred tax assets relating to the 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.

h. Revenue recognition

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

ACCOUNTING POLICIES

30TH SEPTEMBER 2005

- i. Provisions
Provisions are recognised when the Commission has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.
- j. 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 statement over the period of the lease.
- k. Government Subventions
Government subventions that are intended to subsidise costs of the commission are credited to equity in accordance with International Accounting Standard No. 20, Accounting for Government Grants and Disclosure of Accounting Assistance using the capital approach.

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2005

1. INCORPORATION AND PRINCIPAL ACTIVITY

The Trinidad and Tobago Securities and Exchange Commission is a body corporate and was established by an Act of Parliament known as the Securities Industries Act 1995. The Act provides for the regulation of the securities market and connected matters in Trinidad and Tobago. 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 authorized by the Commission.

2. EQUIPMENT AND FIXTURES

	Office Equipment \$	Computer Equipment \$	Fixtures and Fittings \$	Motor Vehicle \$	Total \$
Year ended 30 September 2005					
Opening net book amount	394,941	712,567	267,293	–	1,374,801
Additions	61,646	338,290	3,393	126,662	529,991
Disposals	–	(8,150)	–	–	(8,150)
Depreciation	(69,057)	(236,073)	(29,368)	(31,665)	(366,163)
Closing net book amount	387,530	806,634	241,318	94,997	1,530,479
At 30 September 2005					
Cost	872,903	2,456,463	449,695	126,662	3,905,723
Accumulated depreciation	(485,373)	(1,649,829)	(208,377)	(31,665)	(2,375,244)
Net book amount	387,530	806,634	241,318	94,997	1,530,479
At 30 September 2004					
Cost	811,257	2,145,050	446,302	–	3,402,609
Accumulated depreciation	(416,316)	(1,432,483)	(179,009)	–	(2,027,808)
Net book amount	394,941	712,567	267,293	–	1,374,801

3. ACCRUED CHARGES AND OTHER LIABILITIES

	2005 \$	2004 \$
Provision for gratuity	60,000	1,097,129
Provision for foreign travel	–	31,652
Other accrued charges	331,677	26,283
	391,677	1,155,064

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2005

4 DEFERRED TAX ASSET

Tax losses of approximately \$403,000 (2004 - \$348,900) have not been recognised for the purpose of deferred taxation because of the uncertain timing of their recoverability.

5 DEFICIT BEFORE TAXATION	2005	2004
	\$	\$
This has been arrived at after charging the following		
Depreciation	366,163	324,170
Staff costs (Note 7)	5,199,285	3,423,427
6 TAXATION		
Deferred tax (charge)/credit (Note 4)	–	–
Prior year under provision – Business levy	–	(581)
– Green fund levy	–	(290)
Business levy	(6,796)	(1,259)
Green fund levy	(2,718)	(629)
	(9,514)	(2,759)

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

Loss before taxation	(8,818,081)	(6,761,979)
Corporation tax at the statutory rate of 30%	(2,645,424)	(2,028,594)
Expenses not deductible for tax purposes	2,483	1,784
Expenses reimbursed by the government	2,648,279	2,029,423
Other allowances	(63,556)	1,184
Business levy	(6,796)	(1,259)
Tax losses utilised	–	(3,797)
Tax losses not recognised	58,218	–
Prior year under provision	–	(871)
Green fund levy	(2,718)	(629)
Current tax charge	(9,514)	(2,759)

- b) The Commission is required to pay Business Levy at 0.20% of total revenue if it exceeds \$200,000 in the year of income. Business Levy only takes effect when it exceeds the current corporation tax liability.
- c) The Commission has tax losses of approximately \$1,340,000 (2004 - \$1,025,000) available for set off against future taxable profits. These losses have not yet been approved by the Board of Inland Revenue.

NOTES TO THE FINANCIAL STATEMENTS

30TH SEPTEMBER 2005

7 STAFF COSTS	2005	2004
	\$	\$
Salaries and national insurance	5,146,303	3,390,318
Pension costs	52,982	33,109
	<hr/>	<hr/>
	5,199,285	3,423,427
	<hr/>	<hr/>
Average number of employee	38	38

8 CAPITAL COMMITMENT

The Commission has incurred cost of \$782,658.26 for the interior refit of a new office location. A down payment of fifty percent of this cost amounting to \$391,329 was paid and included in prepayment in the current year.

Operating lease commitments

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

Not later than 1 year	2,957,064	–
Later than 1 year and not later than 5 years	11,828,256	–

9 FINANCIAL INSTRUMENTS

(i) Credit risk

The Commission has no significant concentration of credit risk.

(ii) Fair values

The carrying amount of the following financial assets and liabilities approximate to their fair value: cash at bank, fixed deposits, other assets and accrued charges and other liabilities.

ADDITIONAL INFORMATION

30TH SEPTEMBER 2005

	2005	2004
	\$	\$
Administrative Expenses		
Audit fee	22,586	28,703
Commissioners' fee	120,094	225,091
Consultancy	524,869	1,222,606
Legal and professional fees	418,159	380,342
	1,085,708	1,856,742
Finance Expenses		
Gain on foreign exchange	(143)	-
Bank service charges	5,405	2,797
	5,262	2,797
Operating Expenses		
Advertising	125,530	184,560
Computer	181,992	17,697
Depreciation	366,163	324,170
Entertainment	33,110	23,792
Gain on disposal	(3,836)	-
Gratuity	(475,367)	429,673
Investigation	1,103,708	29,603
Insurance	56,425	34,524
Investor education	55,900	-
Janitorial	5,704	5,628
Journals	79,033	57,381
Library	66,104	32,859
Meetings	42,545	126,240
Mutual fund study	212,765	-
New office premises	921,972	-
Office repairs	5,348	233
Office supplies	144,939	135,548
Overseas travel	770	-
Pension contributions	52,982	33,109
Postage and delivery	9,693	7,393
Printing and reproduction	88,656	47,747
Recruiting	8,726	19,742
Rent	806,527	694,314
Repairs	14,901	4,018
Salaries and national insurance	5,146,303	3,390,318
Seminars	406,414	239,606
Staff retreat	56,547	-
Subscription	69,210	65,664
Sundries	91,343	17,415
Telephone	255,675	168,191
Training	423,706	313,671
Website Redesign	69,891	-
Withholding tax	22,422	-
	10,445,977	6,403,096



Relocation Notice:

Effective from March 20th, 2006, the Trinidad and Tobago Securities and Exchange Commission will be located at 57-59 Dundonald Street, Port of Spain.

For additional copies of this report, write to:

Trinidad and Tobago Securities and Exchange Commission
57-59 Dundonald Street
Port of Spain

Telephone: (868) 624-2991/3017/6708

(868) 625-8508

Facsimile: (868) 624-2995

E-mail: ttsec@ttsec.gov.tt

Website: www.ttsec.gov.tt

Complaints/Queries:

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