

LAUNCH OF THE INVESTORS EDUCATION PROGRAMME 2005

April 13th 2005

Crowne Plaza, Port of Spain

ADDRESS BY-

SENATOR THE HONOURABLE CONRAD ENILL

MINISTER, MINISTRY OF FINANCE

Mr. Chairman, distinguished Ladies and Gentlemen.

I am pleased and honoured to be with you this morning. The launch of your Investor Education Programme represents an important intervention for providing the national community with a better understanding of the costs and benefits of saving and investing in capital markets. We are well aware that markets work better with more information – both savings and investment are more efficiently intermediated and in the process drives, on a sustainable basis, the country's growth and development.

Mr. Chairman, capital markets are unique. They are the life blood of our liberalised domestic economic system and the engine that drives our standard of living, corporate competition and the delivery of all the products and services that make up our economy. The decade of the nineties has witnessed a growing and vibrant role for our capital markets. In recent years that role has been deepened and widened – substantial capital has been raised and new and sophisticated investment products have emerged.

Mr. Chairman, by way of example, at the beginning of this millennium there were only five registered Collective Investment Schemes with net assets valued at \$18.5 billion. Today, there are well in excess of fifty-five funds and families of funds that account for just over \$30.0 billion in net assets.

Additionally Mr. Chairman, trading activity on the Trinidad and Tobago Stock Exchange has become extremely buoyant. The recent establishment of the Central Securities Depository and an electronic trading platform will no doubt further the intensification of activity on our stock exchange.

Mr. Chairman, I have taken due note of the plans and programmes to introduce other innovative instruments in the market both at the retail and wholesale levels. In time we expect to see a securities lending market as well as the establishment of alternative investment vehicles like hedge funds. Such sophisticated innovations as you are aware Mr. Chairman, are fraught with peculiar risks and rewards, the evaluation of which demands the disclosure of timely and accurate material information with respect to all issuers of securities to all participants in the market.

Mr. Chairman, we must ensure that our domestic capital market continues to expand and to deepen. We believe that a Securities and Exchange Commission appropriately endowed with resources and regulatory powers consistent with international best practices is an essential cornerstone of a well-developed capital market.

Mr. Chairman, the Final Report on the Financial Sector of Trinidad and Tobago which was adopted by the Government has established a road-map which would seek to modernise the financial sector in this country. The road-map provides a reform agenda for the banking, insurance and credit union sectors, the mutual fund industry, the pension system and very importantly, the capital markets.

Mr. Chairman, we have already taken steps to bring the insurance companies under the supervisory oversight of the Inspector of Financial Institutions. Our legislative agenda involves amending the Financial Institutions Act of 1993 and putting in place appropriate supervisory oversight for credit unions. We intend to strengthen and upgrade the Securities Industry Act of 1995. We cannot escape the modernisation and consolidation of our supervisory framework if Trinidad and Tobago is to become the financial centre of the region; but Mr. Chairman, our savers and investors must be empowered and educated.

Mr. Chairman, investors must be aware of the options available to them but this investor base must be expanded. Investors must be informed. They must receive timely, relevant and material information. This is central for ensuring that the pricing of securities is efficient and competitive; and Mr. Chairman investors must be knowledgeable. They must be able to evaluate both the risks and rewards of any investment decision. This education programme would go a long way in ensuring that our savers and investors are conscious of the costs and benefits of investing in the capital market which is so important for the financing of the long-term economic development of our country.

Mr. Chairman, our securities market is poised for rapid development. We must ensure that the development of the expertise of our investors keeps pace with the introduction of product innovations in the market. We must be assured that the investor understands

the basic risk/reward relationship that is fundamental to investment decision-making. They must understand that fundamentally every investment must be in some way tied to a measurable economic activity and that such activity must be clearly understood before he/ she invests. Education about the market is one of the investor's best defences against unscrupulous conduct and investment scams. The appropriate information also aids the investor in making decisions about legitimate investments.

Mr. Chairman, I wish to take this opportunity to congratulate the Trinidad and Tobago Securities & Exchange Commission for the timely launch of its Investor Education Programme. Moreover, I am heartened to note that the Commission not only will seek to educate current investors but also will target market participants and future investors. The education programme is broad. It will deal with the pros and the cons of investing - from investment decision-making to the regulatory requirements governing the capital market in Trinidad and Tobago.

Mr. Chairman, in closing I wish to point out that our domestic capital market is quickly becoming one of the more active among emerging countries. Its continued development will depend therefore on the continuation of a process involving product innovation, human resource development, a suitable and adaptable technological platform and an appropriate regulatory and supervisory framework.

Mr. Chairman I wish to launch now the Investor Education Programme 2005 of the Trinidad and Tobago Securities & Exchange Commission.