

**FORMAL OPENING OF THE NEW SEC BUILDING
AND LAUNCH OF NEW WEBSITE**



ADDRESS BY-

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TRINIDAD AND TOBAGO SECURITIES & EXCHANGE COMMISSION

Honourable Minister in the Ministry of Finance, Mr. Conrad Enill, Governor of the Central Bank, Fellow Commissioners, distinguished ladies and gentlemen. Welcome!

Today the Securities and Exchange Commission is proud to open its new offices in these lovely surroundings.

The opening of these offices marks for us a milestone in the development of the Commission. As you may recall the Commission began operations in 1997 following the proclamation of the Securities Industry Act of 1995 and operated initially from facilities in Chacon Street and then moved in 2000 to the 12th Floor of the Central Bank building. As the Commission developed its own operating systems and became more active in the regulation of the capital market it has found that it has required additional physical and human resources and this is what has prompted our move to these new premises

Much of the Commission's regular work involves the registration of new securities issues. In the financial year ended September 2005 we registered 21 new market participants and 100 new securities issues including 10 new collective investment schemes. Of these new issues, 45 were equity issues, including management and employee stock ownership plans, accounting for 130 million shares, valued at \$837 million. There were also 45 issues of debt and debt derivative securities accounting for \$13.8 billion, while funds under management in collective investment schemes were estimated to increase to \$34 billion by the end of 2005.

All of this signifies a very active and expanding capital market notwithstanding the fact that activity on the stock exchange, which receives much more public attention, has been very slow during the year with the level of trading, prices and values and the composite index all showing declines during the year. It is this expansion of activity in the capital market that gives rise to the increased activities of and demands on the Commission and consequently to its need for improved physical facilities as it seeks to keep pace with the developments of the market.

The much more active role in the regulation of the market on which we have embarked has generated the need for far more contact, collaboration and discussions with market participants. This need for more active engagement with our stakeholders is the prime motivator for our move to this new building and for some elements of the layout design. For example, we now have several additional meeting rooms, including a larger one that could accommodate some 40 persons. These are important resources that enable us to maintain proper contact and dialogue with our stakeholders and to provide the level of customer service that is expected of us in the future.

In this regard, our recent success in recruiting a new General Manager in the person of Terrence Clarke who comes to us from Scotia Bank is also an important milestone in the development of the Commission. We are investing in Mr. Clarke the responsibility for maintaining the level of surveillance and regulation of the market that we have started and that will be required as the market continues to grow and expand in the next several years. Mr. Clarke's responsibility is quite awesome, but he is assured of the full support of this and succeeding Boards of Commissioners and, I am certain, of you, the market participants as well.

For us at the Commission the occupation of these new premises is not simply a move to improve the environment in which we work but it also provides us with a chance to benchmark some of our achievements. It also provides an opportunity for me, as Chairman, to give some accounting of my stewardship as my three year term of office which began in April, 2003 comes to a close.

Over the last three years the Board of Commissioners has sought to improve the effectiveness of the Commission's regulatory action. One of our early initiatives was to engage with the Trinidad and Tobago Stock Exchange to ensure that their rules continued to be in keeping with the requirements and the spirit of the Act and to ensure all that they discharged their own functions as a Self Regulatory Organization supervising the activity of brokers in the market. As the Exchange has improved its own

technology and has introduced automated trading we have also implemented at the Commission systems to more effectively monitor that trading. As a result we have the ability to monitor the daily trades as they take place over the Horizon system and we are in the process of completing the development of additional analytical tools that help us to understand and interpret the trading activity that we see before us. The new tool, called the Securities Market Watch, will, when completed, give the Commission additional capacity to examine in detail the trading activity that may have taken place on any given trading day in any given security and will allow us ultimately to examine all the parties to the trade. As designed, the system allows us to do this the very next day after trading so that we may fully analyse the implications and impact of today's trading tomorrow morning.

The Commission has also focused on developing its enforcement capacity in response to the increased activity to which I have referred and in keeping with our mandate for the protection of investors.

Consequently, we have been active in ensuring that our registrants comply with their continuous reporting obligations under the Act by filing their financial statements and Annual Reports in accordance with the requirements of the Act and By-Laws. In 2004 the Commission initiated enforcement action that was completed in 2005 that's led to the imposition of penalties totalling \$1.2 million on 62 registrants who failed to comply with their continuous reporting obligations. We continue to monitor the level of compliance with filing obligations and continue to be concerned that the level of compliance is still unsatisfactory. We cannot emphasize too much that compliance with continuous reporting obligations remains an important element in the discharge of the Commission's function to ensure the protection of investors.

We have also been concerned with the observance by registrants of their obligations to file notices of material changes or material facts immediately on the development of such material changes. As a consequence we have begun actions in three or four cases

where material facts were filed late or not at all. Again the filing of material changes is also an important part of the framework for protecting investors by having the market provide prompt information to investors so that they would always be well equipped to make the best investment decisions.

We have also just concluded the formal investigation into matters related to the trading of Trinidad Cement Limited shares in 2002, the Report having been delivered to the General Manager today. It is left now for determinations to be made as to what, if any, further action may be required. At the same time we embarked in 2005 on two additional investigations and are awaiting the final reports on these two.

One other matter in which we intervened – the Fantasy Tours matter – while not complete, has progressed to the extent that the scheme was terminated and investors have been repaid a part of their original investment.

The Commission has also been very active in the past three years on improving our legislative framework, even as we explore the limits of the existing one. The Canadian consultants whom we had contracted to review the legislation submitted their final Report in December 2004. Our staff undertook an exhaustive and comprehensive review of their recommendations and have submitted to the Minister of Finance our own recommendations in the form of a draft for a new Securities Act 2006. The draft has already begun its legislative journey.

The Commission will also be inviting participants in the mutual fund and Collective Investment Scheme industry to discuss the draft proposals for regulating the industry that we are about to publish as guidelines for its operation. On Wednesday next, we have invited CIV promoters and managers to discuss the content of these guidelines with us and we hope to get their agreement to their immediate observance while we jointly review and improve them where necessary.

The Commission has also completed and brought into force the Take Over By Laws which took effect in March 2005. We have developed Hearing and Settlement Rules that are designed to establish the ground rules for the hearings that can potentially be held and that provide a framework for engaging in a process of settlement of outstanding matters. The Staff are, for example, currently engaged in at least two settlement processes in matters that are before the Commission.

In the area of governance at the Commission, membership of the Board of Commissioners has now been increased from five to seven in order to provide a greater capacity for the Board to discharge its responsibilities in the highly active mode that we have embarked upon. Moreover, in the Draft Securities Act 2006 we have recommended that additional flexibility be provided to allow for the appointment of temporary Commissioners who may be able to assist in the discharge of the Commission's functions, particularly in regard to any hearings that may be required. The Government has also approved a new schedule of fees that is designed to ultimately bring the Commission to a higher level of self-sufficiency in a model that requires the market to ultimately bear the full cost of its regulation.

Finally, today's opening of our new offices also provides a backdrop for the launch of our new Website. Our new website, which we will demonstrate to you a little later was developed by Colthrust PR Limited, and transforms our online presence as it provides the latest and most up-to-date information about the regulation of the local capital market. I invite you to log on to our site at TTSEC.ORG.TT and to share with us your comments on its presentation and its user-friendliness.

I trust that you will forgive this chronicle of some of the achievements of the Commission, but as the terms of appointment of several of the Commissioners, including myself, come to an end over the next few months I felt that the opening of our new offices, benchmark as it is of our achievements over the last three years, was an

appropriate time to review some of these achievements.

Although it is not my duty to give the vote of thanks, it would be remiss of me if I did not take this opportunity to say thanks to a few persons. Firstly, I would like to thank the Governor of the Central Bank for being as kind and understanding a landlord as he has been over the past six years. Let me assure you that we were not ejected. We moved because the Governor could not provide us with the additional space we required. I would like also to thank all the staff of the Commission, and this includes persons who are no longer employed with us, for the work they have done to enable us to achieve all the things that I have outlined this evening. We could not have so proudly spoken about our achievements without their dedication and considerable effort. In the context of the opening of these offices, I must mention the effort expended by the Manager, Administration, Ms. Hazel Persad, who carried the task of getting it done.

Finally, I would like to thank my colleague Members of the Board of Commissioners – Commissioner Alison Lewis, Commissioner Bridgid Anisette-George and Commissioner Shelton Nicholls, who, unfortunately is out of the country and not here with us today, for their unstinting support and encouragement to myself and to the staff as we sought to put our ambitious programme in place.

My thanks and deep appreciation to you all for allowing me this opportunity to welcome you to our new offices and for so kindly listening to this presentation.

I thank you.