

Chairman Pro Tem, Trinidad and Tobago Securities and Exchange Commission
Mr. Francis Lewis

Members of the Caribbean Group of Securities Regulators

Distinguished Guests

Ladies and Gentlemen,

It is indeed an honour and a pleasure for me to address you this morning at the opening of the 6th Annual Meeting of the Caribbean Group of Securities Regulators.

I am advised that the inaugural edition of this event took place right here in Port-of-Spain in October 2004. I don't know how many of you were present for that event, but let me take the opportunity to say to you, "Welcome back".

Since that inaugural meeting, the world economies, as well as the global financial markets, have undergone considerable turmoil. We have witnessed stunning world-wide economic growth, particularly in China and India; unprecedented rise in commodity and food prices; only to be followed by a worldwide financial crisis, an international recession and the resultant large scale erosion of wealth, declines in global production and world trade, which threaten to erode the gains of the previous decade.

While in its latest world economic outlook for October 2009, the International Monetary Fund forecasted a renewal in global expansion, we must be aware that the world economy continues to face considerable risks and challenges. Among other things, there is a need for continued international collaboration in order to achieve a more stable international monetary and financial system.

Ladies and Gentlemen,

What makes the recent world recession different from others in the past is not only its severity, but also the fact that almost no country or region in the world has managed to be spared. What is also instructive and significant is that this recession, had its origins in the financial sector. The crisis has also highlighted various weaknesses in financial sector regulation in both developed and developing economies.

It is therefore heartening to see the Caribbean Group of Securities Regulators have recognized the need to examine possible collaborative approaches to the effects of the global financial crisis, on the economies of the Region. At present, the international regulatory community is launching a vigorous response in the form of a new wave of regulatory tightening and updating of regulatory standards.

One of the leaders of this initiative is the G20. In the wake of the financial instability seen in the latter half of 2008, the G20 has proposed an agenda of stringent regulatory reforms that has been echoed by many other regulators and has received the support of influential, standard-setting bodies such as the International Monetary Fund and the International Organization of the Securities Commissions.

We are all aware that in the United States and in the global market the catalyst for the current economic crisis was the exposure to highly sophisticated financial products that were based on very risky underlying securities. In the wake of this crisis Trinidad and Tobago experienced its own threats to its financial system. This required regulatory intervention involving the near collapse of the country's largest insurance company, an investment bank, and a large securities company. All three of these institutions falling under the control of the Region's largest conglomerate.

These challenges have clearly highlighted the fact that there are special regulatory challenges involved where the activities of different classes of financial institutions become intertwined and these institutions are not subject to the oversight of a single local regulator. These challenges also increase exponentially where the companies are operating across regional or international boundaries and are, therefore, subject to the jurisdiction of multiple regulators.

Prior to the onset of the global economic and financial crisis the Government of Trinidad and Tobago recognized the need for putting in place the proper regulatory framework and the proper supervisory framework for the domestic financial services sector. Extensive preparatory work was undertaken in collaboration with the various regulatory agencies, which culminated in a number of pieces of legislation being taken to Parliament.

In December 2008, Parliament passed the Financial Institutions Act, 2008. This represented a comprehensive reform of the FIA which heralded an updated and more effective financial regulatory and supervisory framework for banks and other financial institutions which engage in the business of banking and business of a financial nature within Trinidad and Tobago.

In February 2009, Parliament passed the Central Bank (Amendment) Act, 2009 which gave the Central Bank necessary rigorous oversight by granting emergency powers to the Governor of the Central Bank, not only over banks as previously existed, but also over insurance companies.

More recently, in May 2009, the Government of Trinidad and Tobago brought the Securities Bill 2009 before Parliament. The principles embodied in the Securities Bill 2009, are very much in keeping with the global thrust being promoted by the G20 and the international regulatory community, aimed at strengthening transparency and accountability, enhancing sound regulations, promoting integrity in financial markets and reinforcing international cooperation.

Through this legislation the Government of Trinidad and Tobago is seeking to strike an appropriate balance between the development of our markets on the one hand, and the protection of investors and the need for a level playing field on the other. The objectives of the proposed securities legislation include:

- The provision of greater protection of investors from unfair, improper or fraudulent practices;
- The fostering of fair and efficient capital markets and confidence in the capital markets in Trinidad and Tobago; and
- reduced systemic risks.

The propose legislation provides for co-operation with other jurisdictions in the development of fair and efficient capital markets. The accomplishment of these objectives will require the implementation of a number of specific measures that:

- go towards restricting access to the market by Self-Regulatory Organizations, market actors and issuers who do not satisfy fit and proper criteria;
- strengthen disclosure standards, and improve surveillance of the various actors that operate in the local market;
- provide greater clarity with respect to certain market offences such as insider dealing; and
- enhance the enforcement powers of the Trinidad and Tobago Securities and Exchange Commission.

The legislation will also ensure that all persons involved in the creation, management, sale and distribution of securities will be subject to registration and regulation by the Commission.

As I noted earlier, an important area of reform under the Securities Bill 2009 is increased co-operation among regulators.

Ladies and Gentlemen:

In today's world, the reality is that sophisticated illegal activity in the securities industry frequently occurs across borders, with elements of one offence occurring in multiple jurisdictions. One of the key objectives of the legislation therefore, is to give the regulator a powerful new tool in enforcing the law with respect to cross-border financial crime, by clarifying and strengthening the ability of the Securities and Exchange Commission, to cooperate and share information with other regulatory and official bodies. This includes local and regional regulatory authorities, government entities and foreign governmental agencies.

Specifically, the Securities Bill 2009 seeks to extend the powers of the Commission, by enabling it to enter into memoranda of understanding with the Central Bank and other regulators; the Stock Exchange and agencies of foreign government; foreign security regulators and other relevant regulatory bodies in

furtherance of the purpose of the Bill. This will undoubtedly facilitate mutual assistance and the exchange of information between regulatory bodies and compliance with securities laws.

Ladies and Gentlemen, as I look at your agenda I am encouraged by the fact that you have made room for discussion of the idea of a college of regulators. As you are aware, coming out of the 20th Inter-Sessional Meeting of the Conference of CARICOM Heads of Government which took place in Belize earlier this year, the heads endorsed the formation of a College of Regulators.

The concept of a college of regulators is certainly not new to the region. For some time now our banking regulators have been making use of this approach to good effect in managing the regulatory issues of large cross-border banks in the region.

The Caribbean Group of Securities Regulators should also take a careful look at the relevance of this approach for securities firms in the context of our rapidly integrating capital markets and the growing phenomenon of cross-border operations of our securities firms. In the run-up of the Caribbean Single Market and Economy several financial or mixed groups have emerged with operations spread across a number of regional territories and often offering a mixed range of banking, securities, insurance and mutual funds products.

The occasion of your annual meeting therefore presents an ideal opportunity to raise and examine some fundamental questions concerning your role as regulators. For instance, is there consensus on what you ought to be regulating? To my mind recent developments in the area of mergers and acquisitions in the last few years have made such a consensus necessary. This is not to discount in any way the efforts that were made by the respective regulators to arrive at workable rules and practical ways of proceeding that in the end allowed a number of key acquisitions to be successfully completed.

I am sure you would agree, however, that matters such as takeovers and mergers are not ones that should be left to case-by-case pragmatism or to improvisation around the differences that might exist in our respective regional laws. I am aware, and was extremely gratified therefore to learn that during this week you have been meeting to discuss a more formal approach to this issue in the form of a draft regional guideline on takeovers.

I would conclude ladies and gentlemen, by reiterating that in the wake of the recent international financial crisis the importance of your deliberations over the next couple of days. Many factors have been identified as contributing to the financial crisis, among them, the growth of the housing bubble, easy credit conditions, and predatory lending. However of utmost importance is the focus of your discussion on the weaknesses in securities regulation. These weaknesses have permitted the development of an enabling environment within which the global financial crisis has taken place. The crisis has thus served to reveal deep systemic fault lines and regulatory gaps in many jurisdictions including our own, and the responsibility for correcting these vulnerabilities is squarely ours.

I wish therefore that your meeting here in Trinidad and Tobago would be a successful one. May your deliberations be most productive as you share your various country initiatives and the lessons you have learnt as to how best we may work together to overcome our common challenges.

Ladies and gentlemen;

I thank you.