

Trinidad and Tobago Securities and Exchange Commission

LAUNCH OF MANAGED FUNDS STUDY

-Welcome Remarks-



Address by the General Manager (Ag.)- Mr. Charles de Silva

Hilton Trinidad and Conference Centre- La Boucan Room

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ADDRESS

Good Morning Ladies and Gentlemen

On behalf of the Trinidad and Tobago Securities and Exchange Commission I am very pleased to welcome you to this morning's proceedings to mark the launch of a study into the operations of the managed funds industry in Trinidad and Tobago. I want to recognize and say a special word of welcome and appreciation to the Governor of the Central Bank, Mr. Ewart Williams, who we all know is quite a busy man. He has nevertheless generously made the time to join us here this morning and we are certainly grateful for his support. I am gratified as well to see in our audience so many distinguished representatives of our financial sector institutions. I would like to interpret your presence here this morning as a positive indication of your interest and support for this project, which augers well for its success.

The initiation of this study marks the second time in just about five years that the Commission is embarking on such a substantial piece of fundamental financial sector research. Our first such project was a study of the mutual funds industry which we undertook in 2005. Then as now our key collaborators were the Caribbean Centre for Money and Finance, known back then as the Caribbean Centre for Monetary Studies, and of course the Central Bank of Trinidad and Tobago. Five years later we have revived our collaboration on what is arguably a much more ambitious

project whose investigative scope extends well beyond the mutual funds industry. This study of the managed funds industry seeks to include all major classes of institutions that are engaged in the mobilization of long-term savings.

It is a generally accepted truth that savings are key to sustainable long-term growth. It is also true that a well developed and efficient capital market is critical for the mobilization of savings and for making these savings available to the economic development process. I would venture to say that at the level of financial policy we in Trinidad and Tobago have done a fairly good job of developing the institutions and establishing the conditions for the development of the domestic capital market.

The initiatives in this regard go as far back as the 1980s when the Trinidad and Tobago Stock Exchange and the Unit Trust were created as mechanisms for facilitating the flow of long-term savings and encouraging wider participation in capital market activity. In subsequent years we took steps to liberalize interest rates as well as to remove restrictions on current and capital foreign currency transactions. We opened up the mutual funds market and established the Securities and Exchange Commission to oversee the securities industry. We have strengthened and upgraded legislation and continue to do so with the recent passage of a new Financial Institutions Act, and the impending passage of updated securities legislation. New pension and credit union legislation has also been drafted and are expected to be enacted later this year.

But while much has been done towards laying the groundwork for the development of the market there has been very little systematic study of how well these efforts have worked, neither have we invested the required time and intellectual resources in understanding what the issues and constraints might be, to the extent that our efforts may have fallen short of the desired results. This study is a major attempt to fill that gap. We propose to directly survey fund managers and key actors at the highest decision-making levels of our mutual funds, pension funds, trust companies, the National Insurance Board, and other asset management institutions. We would like to understand, among other things, who you are, what drives your decision making, how your process of asset selection works, and how the regulatory framework helps or hinders what you do.

Needless to say the cooperation of the persons gathered in this room and the institutions you represent will be indispensable to the success of this project. At the end of the day we would like to publish a comprehensive institutional and behavioral profile of the managed funds sector. The Commission is therefore asking for your assistance and support in a venture that clearly has benefits for us as regulators and policy makers but which will also have significant value to you as participants in the market. Among other things, it will also provide you with a comprehensive basis for understanding your market, including the governance and regulatory issues that the industry faces.

As I indicated earlier a key partner in this project is the Caribbean Centre for Money and Finance which the Commission has engaged to execute the study on its behalf. While there were several options available to the Commission we have chosen to work with the CCMF because of the exceptionally strong credentials of the Centre's research team and the team's proven track record of quality research. Because they have worked so closely with and on behalf of the many of the region's central banks the members of the CCMF team are uniquely well placed to understand and manage the requirements of a project of this nature, including the strict confidentiality guarantees that attach to the individual responses provided by participants in the survey. Later on in this morning's programme they will tell you a bit more about the actual conduct of the study.

The Commission looks forward to your cooperation and support on this important project and to sharing the results with you in a few months time.

Thank you.