

Trinidad and Tobago Securities and Exchange Commission

**“Caribbean Group of Securities Regulators (CGSR)
Working Group Meeting”**



Opening Address by the Chairman- Ms. Deborah Thomas-Felix

Hyatt Regency Trinidad, Port-of-Spain

July 6th, 2010

ADDRESS

**Representatives of securities regulators within the region,
Representatives of CARTAC,
Members of the Board of the Commission
Staff of the Commission
Ladies and Gentlemen**

Good Morning,

As the Chairman of the Trinidad and Tobago Securities and Exchange Commission and by extension the Chair of the Caribbean Group of Securities Regulators it gives me pleasure to welcome you this morning to the CGSR Working Group meeting which will be held over the next two days. I am happy to see familiar faces here today and I welcome the opportunity for making new friends.

It is my understanding that at the last CGSR meeting held in October 2009, it was agreed that the region would work on several initiatives tabled in that year's agenda. In planning our agenda for this meeting and in our original invitation to you we anticipated that we would be able to discuss and come to consensus on several of these agenda items.

Unfortunately due to the inability of the CARICOM representative to participate in the meeting, we have had to defer discussions on the CSME Strategic Plan and the CARICOM Financial Services Agreement. In addition, we were informed that representatives of the Eastern Caribbean Central Bank would not be in a position to lead the discussions on the CARICOM Financial Services Agreement

(Canadian Proposal). Our agenda therefore, has been abridged, resulting in today's session ending at lunch. No doubt during the deliberations a decision will be made on how we treat with these matters.

As members of CGSR you would know that in conceptualizing this group it was agreed that the best approach would be for the region to speak in a single voice on matters of common interest. In this regard two years ago, the group began discussions which were facilitated by CARTAC on the regional common code for takeovers.

I wish to thank CARTAC which has continued and I am sure will continue to provide to the CGSR financial and technical support for its group meetings. We appreciate CARTAC's desire to help us get the fundamentals right in order to create an effective infrastructure in the Caribbean which allows us to develop flourishing capital markets.

I am pleased to state that for Day Two's proceedings we will be focusing exclusively on the common code and we have invited Mr. Samuel Thompson to work with us in an effort to complete the outstanding items on the code.

Although he is not here with us today I wish to thank Mr. Thompson for willingly agreeing to share his expertise in this area with us.

Today I wish to reflect on some of the lessons of the RBC takeover of RBTT and hopefully stimulate some of the technical discussions this morning.

The acquisition of RBTT by RBC in 2008 has left several unresolved issues for us regulators in the region. As you may be aware the Royal Bank of Canada (RBC) completed a US \$2.1 billion (TT\$13.4 billion) acquisition of RBTT Financial Holdings Ltd by way of cash, and stock in RBC.

The acquisition of the RBTT shares was structured by way of an amalgamation under Section 220 – 226 of the Companies Act of the laws of Trinidad and Tobago and RBC was required to apply directly to the Minister of Finance for approval under the Foreign Investment Act to acquire the shares of RBTT. Approval was also required from the Board of Directors of the Trinidad and Tobago SEC to effect the transaction.

Additionally, to conduct the purchase of the RBTT shares regulatory approvals were sought in the territories where RBTT and RBC had a presence and this included, Aruba; Bahamas; Barbados; Cayman Islands; the Eastern Caribbean; Jamaica; Suriname; Canada and the USA.

From the path I have just outlined it is evident that the issue of non-uniformity of legislation in respect of foreign direct investment in the capital market of the region continues to pose a challenge to regulators.

The sheer complexity and international reach of the RBTT/RBC deal brings into focus the stated objectives and principles of securities regulation as established by the International Organization of Securities Commissions (IOSCO) which states and I quote ‘An increasingly global market place also

brings with it the increasing interdependence of regulators. There must be strong links between regulators and a capacity to give effect to those links. Regulators must also have confidence in one another. Development of these linkages and this confidence will be assisted by the development of a common set of guiding principles and shared regulatory objectives.' IOSCO further states:- 'The increasing internationalization of financial activities and the globalization of markets means that information relevant to authorizations or approvals is often beyond the jurisdictional reach of a competent regulator. For example, an application for a license may be received from a person known to be registered in another jurisdiction, or registration may be sought for the same offer document in several jurisdictions.'

Securities laws and regulations, as we know, cannot exist in isolation from the other financial laws and accounting regimes within a country. Instead, it is necessary that securities legislation be in harmony with all the financial legislations of a country to lend to a structured financial legal framework. Of course this also makes out a case for the need for the harmonization and strengthening of the financial legal framework throughout the several jurisdictions of this small region.

We must identify and acknowledge the weaknesses and deficiencies in our existing regulatory frameworks and treat with them. This is quite apparent in cases such as the RBTT/RBC deal. We must also seek to have similar and comparable financial legal regimes in the region.

Generally speaking, the regulatory approval process across the region is quite slow due to what appears to me to be as a result of that lack of harmonization of all the laws which govern regulation. This clearly could have a negative impact on the net return to the investor/shareholder when there is a merger.

I want to make the point that the ability to attract foreign direct investment in the capital market should not be stymied by regulatory hurdles. We therefore as a region and as regulators must be ever vigilant and make legislative and policy makers aware of these hurdles and advocate for changes in the respective areas.

As we consider the legal and market impact of mergers and acquisitions in the capital markets of the region, this meeting is very timely and relevant, I look forward to the technical submissions in this regard.

I want to take this opportunity to invite you to be the Commission's guests for dinner tonight at the Carlton Savannah. Your invitations should be with your package of information and the organizers will provide you with additional details during the course of today's session.

Ladies and Gentlemen welcome and I thank you!