

# ECSRC

EASTERN CARIBBEAN  
SECURITIES  
REGULATORY COMMISSION

PROTECTING INVESTORS. BUILDING OUR FUTURE.

{ OPEN FOR  
BUSINESS }







# { OPEN FOR BUSINESS }

The theme for the ECSRC 2020 Annual Report is a proud testament to the work of the Commission over the financial year ended 31 March 2020. Through greater and more efficient use of technology, the ECSRC has increased its capabilities in training and certification to expand market participation and improve the regulatory and supervisory framework of the ECSM. Open for business means that the work of the Commission continues to positively impact on business activities in the ECCU region and to strengthen the movement of capital and resources across the ECCU member countries and the wider region. The theme is a clarion call for potential traders and investors to embrace the market with confidence, knowing that the ECSM is truly open for business.

## VISION

To be a competent and proactive regulator of a vibrant and competitive Eastern Caribbean Securities Market.

## MISSION

To ensure integrity, probity, efficiency and transparency in the operations of the Eastern Caribbean Securities Market and its participants, to protect investors and facilitate market development.

## CORE VALUES

**Integrity:** We are committed to demonstrating the highest ethical standards to inspire confidence and trust

**Professionalism and Commitment:** We shall perform our duties with the highest level of professionalism and commitment to the needs and expectations of the investing public and all other participants on the ECSM

**Excellence and Innovation:** We are dedicated to maintaining the highest standards of excellence and shall continually pursue knowledge and learning

**Client-oriented:** We shall meet and exceed the needs of all our stakeholders, fairly and in accordance with the law

**Collaboration and Teamwork:** We shall work together within the Commission and in collaboration with our stakeholders in the provision of our services

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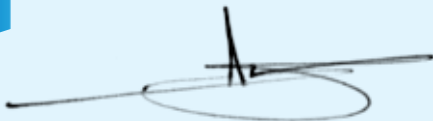
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28 February 2021

Dear Sirs

In accordance with Article 29(1) of the Eastern Caribbean Securities Regulatory Commission Agreement 2000, I have the honour to transmit herewith the Eastern Caribbean Securities Regulatory Commission Annual Report on its activities for the year ended 31 March 2020.

Yours faithfully



**H.E Arthur G.B.  
Thomas CHAIRMAN**

Honourable Dr Ellis Lorenzo Webster  
Premier  
ANGUILLA

Honourable Joseph Easton Farrell  
Premier  
MONTSERRAT

Honourable Gaston Browne  
Prime Minister  
ANTIGUA AND BARBUDA

Dr the Honourable Timothy S Harris  
Prime Minister  
ST KITTS AND NEVIS

Honourable Roosevelt Skerritt  
Prime Minister  
COMMONWEALTH OF DOMINICA

Honourable Allen Chastanet  
Prime Minister  
SAINT LUCIA

Dr The Right Honourable Keith C Mitchell  
Prime Minister  
GRENADA

Honourable Camillo M Gonsalves  
Minister for Finance  
ST VINCENT AND THE GRENADINES

## Successful ECSM Certification Programme Candidate



### Gavery David

Investment Associate  
Investment Services - First Citizens St. Vincent

“ The ECSRC certification program to achieve my Representative Licence gave me a sense of financial completion. I was able to sharpen my skills in financial analysis and portfolio management from the information delivered by experienced presenters. The ECSE portal was easy to access and navigate which complemented the entire program. ”

# Chairman's MESSAGE

The financial period 2019/2020 has been another significantly transformative year for the ECSRC and for this, I must commend the Commissioners and the staff of the Secretariat. During this year, Sir Errol N Allen, retired from the Commission after more than 18 years of dedicated and committed service. We applaud Sir Errol N Allen for his sterling contribution as one of the Commission's founding member, having been appointed at the establishment of Commission in 2001.

The year 2020 presented some inimitable challenges, including the COVID-19 pandemic, the effects of which began near the end of the financial year. The necessary measures were taken to ensure staff safety and this resulted in the institution of remote working arrangements for all staff and the closure of the Commission's offices at the end of March 2020. In spite of these challenges, the Commission is pleased to report another remarkable year of progress.

***Going forward, if the market is to develop to its full potential, there is need for greater education and awareness of the general public in order to establish a culture of investing, the number of product offerings on the market must increase and institutional investors must become active players in the market..***



In 2020, the Commission concluded nearly three years' work on revising the ECSM legislative framework. A new Securities Bill 2020, Investment Funds Bill 2020 and a new ECSRC Agreement 2020 were forwarded to the ECCU member countries for enactment. The new legislation which will replace the existing securities laws last enacted in 2001 and will remove regulatory and supervisory hindrances to the work of the Commission; facilitate access to new investment and employment opportunities by citizens of the ECCU member countries and advance the Commission's goal of attaining IOSCO membership. We take this opportunity to thank the Government of Antigua and Barbuda for being the first to enact the revised securities legislation on 25 February 2020.

IOSCO membership signals to the international community that a country has implemented, or is poised to implement, the legislative and operating requirements to achieve the core objectives of securities market regulation. To the international investment community membership means a commitment to accepted standards of market integrity and investor protection; this has the potential to encourage participation from foreign investors. To the regulator, membership offers an opportunity to network and benefit from the transfer of technical expertise from more experienced regulators. To the ECCU jurisdiction it means an opportunity to maintain a good reputation in the international community. The Commission hopes to finalise and submit its application for membership during the upcoming financial year ending 31 March 2021.

Consistent with its mandate to promote the operations of a fair, efficient and transparent securities market, the Commission approved a number of policies and Rules during the financial year, namely Rules on Corporate Governance and Rules to govern the sale of fixed-income asset backed securities ("Repurchase Agreements") in the ECSM.

In the area of market regulation and supervision, the Commission reviewed its licensing policy to allow licensed individuals who wish to do so to continue to hold a licence without accreditation after they have left the employment of a licensed intermediary. It is anticipated that this new policy will expand interest and participation in the market and create a pool of certified and licensed individuals for employment by licensed intermediaries. Work continues on the review and revamp of the ECSM Certification Program and Examination and the Commission expects to roll out a number of significant changes to the program. These changes will be unveiled in the upcoming financial year 2020/2021.

The Commission views its role of investor protection as critical to maintaining confidence in and the stability of the capital markets in the ECCU. In March 2020, the Commission approved an updated investor awareness and education programme, the primary aim of which is to:

- (i) inform the general public of the benefits of investing on the securities market and the supervisory and regulatory framework that has been established in the ECSM to protect their interests; and
- (ii) raise the level of financial literacy, particularly as it relates to investing and investment products and money matters, generally."

The programme will utilise social media channels and virtual tools to reach a wider cross-section of the population in the ECCU member countries.

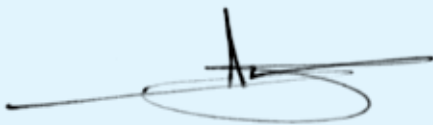
Financially, although the Commission continued to rely on the financial and administrative support of the ECCB, it has achieved some marginal improvement in its finances over the last few years and the year 2020 was no exception. We continue to seek avenues for income diversification and to manage expenses. The Commission is also grateful for the continuing financial and technical support of the International Monetary Fund and CARTAC.

Finally, the Commission's regulatory posture over the years has been to balance regulation with development and increased emphasis will be placed in the area of market development in the period ahead. However, regulatory reform is not the panacea for the development of the market. Going forward, if the market is to develop to its full potential, there is need for greater education and awareness of the general public in order to establish a culture of investing, the number of product offerings on the market must increase and institutional investors must become active players in the market.

During the 2020/2021 financial year, we will begin work on the development of our new strategic plan which will include initiatives that are aimed at achieving the following results:

- (i) A responsive, proactive regulatory framework that boosts investor confidence and promotes the ECSM as a well-regulated securities market.
- (ii) Increased market participation
- (iii) More broad based intermediary network
- (iv) Investment product diversification
- (v) Increased levels of financial literacy of the ECCU population, so that persons are better able to identify, evaluate and take advantage of investment opportunities offered on the ECSM.

We will continue our efforts to ensure that the ECSM can develop into a vibrant and competitive market to provide opportunities for economic growth and development of the ECCU region and for wealth creation among the populace in the ECCU.



**H E Arthur G. B. Thomas**  
Chairman



A TRIBUTE TO

# Sir Errol N. Allen

**T**he ECSRC joins with the ECCB Monetary Council to recognise and applaud the exemplary record of public service and selfless commitment of Sir Errol N Allen, who retired from the ECSRC on 31 July 2020, after more than 18 years of continuous and dedicated service on the Commission.

Sir Errol N Allen was nominated by the Eastern Caribbean Central Bank and was first appointed as Deputy Chairman at the establishment of the ECSRC in 2001. At the date of his retirement on 31 July 2020, Sir Errol was the only remaining Commissioner from the initial founding members of the Commission.

Over his more than 18 years of devoted and continuous service on the Commission, Sir Errol N Allen made a sterling contribution to the Commission in the capacities of Chairman and Deputy Chairman, Sir Errol N Allen brought a wealth of knowledge and experience to the Commission and also played a significant role in building the foundation for its future operations.

Sir Errol N Allen has been and continues to be a tireless advocate for the development of money and capital markets in the Eastern Caribbean Currency Union. Together with then Chairman, Mr Crispin Sorhaindo and the other members of the Commission (Dunbar McIntyre, Calvin Rodgers and Charles Brisbane), Sir Errol Allen assisted in developing the current governance and reporting framework for the ECSRC which included the establishment of rules for the conduct of meetings of the Commission, the nomination of Commissioners and the standards for recording and reporting on the meetings and decisions of the Commission. One of Sir Errol's cherished dreams was for the ECSRC to obtain membership in the International Organisation of Securities Commissions (IOSCO). In 2014, Sir Errol was successful in obtaining the approval of the Monetary Council for the ECSRC to pursue the goal of IOSCO membership, a process which had commenced 10 years earlier in 2004. Under his Chairmanship, the Commission has made significant strides

towards the ECSRC achieving this long outstanding milestone. During his tenure over the last five years, Sir Errol oversaw the review and revision of the ECSM legislative framework and the development and review of a number of Rules and guidelines for the ECSM including most recently, Corporate Governance Rules, Compliance and Internal Control Guidelines for Licensees and the revision of Reporting Issuer reporting rules.

**Sir Errol N Allen has been and continues to be a tireless advocate for the development of money and capital markets in the Eastern Caribbean Currency Union.**

From inception, Sir Errol N Allen has vigorously supported the work of the Commission by providing representation at various regional and international fora, participating in regional Financial Information Month activities and ECSRC Anniversary activities.

Sir Errol N Allen's commitment to the ECSRC was also reflected in his perfect attendance at all meetings of the Commission from October 2001 (inception) up to his retirement in July 2020.

On 8 October 2020, the Chairman, Commissioners and staff of the ECSRC Secretariat met virtually with Sir Errol to show appreciation and to formally recognise and thank him for his contribution to the work of the Commission and to offer our best wishes on his retirement.

# Governance and Operations

On 24 November 2000, the Eastern Caribbean Securities Regulatory Commission (ECSRC/Commission) was established as an independent and autonomous regional regulatory body with the signing of the ECSRC Agreement 2000, among the Governments of the member territories of the Eastern Caribbean Currency Union (ECCU). The ECSRC commenced operations on 19 October 2001 alongside the formal launch of the Eastern Caribbean Securities Market (ECSM), in the ECCU.

The ECSRC is headed by a five-member Commission appointed by the ECCB Monetary Council. Pursuant to Article 12(2) of the ECSRC Agreement, 2000 persons appointed to serve on the Commission comprise the following:

- a) two persons nominated by the Participating Governments of the ECCU Member Territories;
- b) two persons nominated by the Chambers of Industry and Commerce, the Institutes of Chartered Accountants and the Bar Associations or from such other relevant professional bodies of the ECCU Member Territories; and
- c) one person nominated by the ECCB

The ECCB Monetary Council is the highest decision-making body of the ECSRC and designates two of the five Commissioners as Chairman and Deputy Chairman of the Commission. During the 2019/2020 financial year, the Deputy Chairman, His Excellency Arthur G. B. Thomas was appointed as Chairman of the Commission following the retirement of Sir Errol N Allen at the end of his term on 5 March 2020.

## ***Meetings of the Commission***

The Commission meets quarterly in March, June, September and November each year. Meetings of the Commission may be scheduled more regularly based on the exigencies of the market. The Secretariat coordinated and facilitated the following meetings of the Commission during the 2019/2020 financial year.

MEETING	DATE	ATTENDANCE
73rd	4 June 2019	5/5
74th	3 September 2019	4/5
75th	27 November 2019	5/5
76th	27 March 2020	4/5

The Commission usually convenes one face-to-face meeting in March each year, at the ECCB Headquarters. However, due to the imposition of travel restrictions and the attendant health risks associated with the COVID-19 pandemic, the March 2020 Commission meeting was convened virtually.

## ***The ECSRC Secretariat***

The operations of the Commission are conducted through an independent Secretariat, which is staffed by seven ECCB staff members who have been assigned to the ECSRC and are fully dedicated to the work of the Commission. The Secretary, who is recommended by the ECCB and approved by the Commission, is responsible for the day-to-day management of the ECSRC Secretariat. The organizational structure of the Secretariat as at 31 March 2020 is shown in Figure 1.

## Eastern Caribbean Securities Market (ECSM) Certified Professionals Eligible for Licensing by the ECSRC



### Tabisha Joseph

*Finance Department | BOSVG  
St. Vincent and the Grenadines*

“ I was elated and at ease when I learnt of my success in the ECSRC Certification program. The sessions were intense and the in-depth knowledge gained in the stock market has cemented my drive to exceed in this career path. The presentations were articulated by skillful and knowledgeable facilitators who ensure that our understanding of the materials was paramount. I thoroughly appreciated the recorded sessions that were available for use at my convenience and at my own pace. Overall, the program has laid a solid foundation which will enhance my role as a representative. ”

# Organisational Structure of the ECSRC Secretariat

as at 31 March 2020

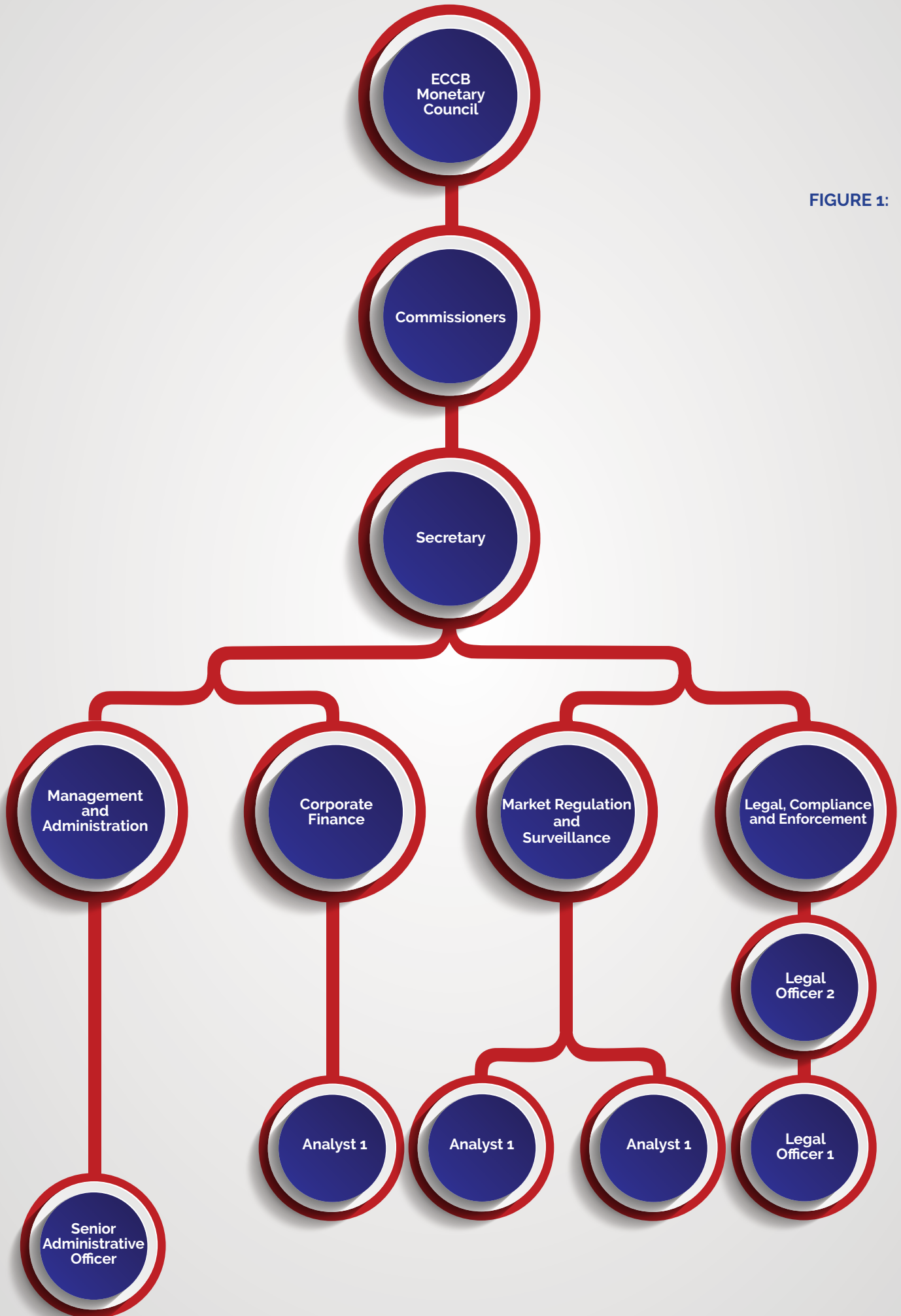


FIGURE 1:

Year at a Glance  
period 1 April 2019 to 31 March 2020

01

5

New licences approved and issued.



02

51

Individuals and entities licensed by the Commission.



12

Successful candidates in the 21st & 22nd Certification Programmes



03

10

Broker-dealer entities licensed



04

# The Commissioners

**HIS EXCELLENCY  
ARTHUR G B THOMAS**  
CHAIRMAN



His Excellency Arthur G. B. Thomas, a citizen of Antigua and Barbuda, is a lawyer by profession.

Ambassador Thomas holds a Masters in International Taxation from Regent University, Virginia; a Legal Education Certificate from the Norman Manley Law School, Kingston, Jamaica; and a Bachelor of Laws Degree from the University of the West Indies.

Commissioner Thomas who served as the Deputy Chairman of the Commission, was officially appointed as the Chairman of the Commission effective 1 August 2020.

**LUCIA  
LIVINGSTON-ANDALL**  
DEPUTY CHAIRMAN



Mrs Lucia Livingston-Andall, a citizen of Grenada, is currently the General Manager of Ariza Credit Union in Grenada.

Commissioner Lucia Livingston-Andall graduated from the Memorial University, Newfoundland, Canada with a Master in Business Administration (MBA) and from the University of the West Indies with a BSc in Management. Mrs Livingston-Andall is also a member of the Certified General Accountants Association of Canada as well as the holder of a Project Management Professional Certificate.

Commissioner Livingston-Andall was appointed as Deputy Chairperson of the Commission effective 1 August 2020

**DR VINCENT  
RICHARDS**



Vincent Richards is a citizen of Antigua and Barbuda.

His academic and professional background is in Economics and Accounting.

Commissioner Richards holds a Ph.D. and M.A. both in Economics from Cornell University, New York. He also earned an M.A. in Economics and B.A. in Economics and History from Carleton University, Ottawa, Canada. He is a Practising Member of the Institute of Chartered Accountants of the Eastern Caribbean. He was the recipient of the Inter-American Foundation Post-Doctoral Fellowship in Social Change and has served as an Assistant Professor at the School of Business, Indiana University, Bloomington, Indiana.



# The Commissioners

**MR ISAAC  
ANTHONY**



Mr Isaac Anthony, a citizen of Saint Lucia, is the Chief Executive Officer of CCRIF SPC (formerly Caribbean Catastrophe Risk Insurance Facility) and a former Permanent Secretary in the Ministry of Economic Planning and National Development in the Government of Saint Lucia. Commissioner Anthony holds an MBA from the Centre for Management Development, University of the West Indies, Barbados and a Bachelor of Science Degree in Economics and Accounting (Hons) from the University of the West Indies, Cave Hill Campus in Barbados.

**SIR ERROL  
ALLEN**



Sir Errol N Allen, a citizen of St Vincent and the Grenadines, Sir Errol was nominated by the ECCB in 2002, to serve on the ECSRC. Sir Errol is the longest serving member of the ECSRC. He is a retiree from the ECCB where he held the position of Deputy Governor.

Sir Errol's academic and professional background is in Central Banking and Economics. He graduated from the University of Surrey with an MSc in International Economics and from the University of London with a BSc in Economics. He also has executive management training from the London Business School and special training in banking and finance from the Bank of England and the International Monetary Fund.

Sir Errol retired at the end of his term on 5 March 2020, after serving for approximately 18 years on the Commission.

# The ECSRC Secretariat

In September 2010, the ECCB recommended the establishment of an independent Secretariat reporting directly to the Chairman of the Commission. This recommendation was approved by the Commission and the independent Secretariat commenced operations on 1 October 2010, however all support services continued to be provided by the ECCB. Prior to September 2010, the ECSRC's operations were carried out by a specialized Unit in the Bank Supervision Department at the ECCB.

All the staff members of the ECSRC Secretariat are ECCB staff members who have been assigned to the ECSRC and are fully dedicated to the work of the Commission. The Secretary, who is recommended by the ECCB and approved by the Commission, is responsible for the day-to-day management of the ECSRC Secretariat with the assistance of an office administrator, two legal officer and three analysts.

The relationship between the Commission and ECCB is governed by a "Letter of Agreement for Provision of Advisory and Administrative Services". This Agreement is due for renewal every 5 years. The current Agreement expires in October 2016 and in light of revised arrangements following the establishment of the independent office of the ECSRC Secretariat, the Agreement was reviewed and revised to reflect the current operating arrangements between the ECCB and the ECSRC.

The responsibilities of the ECCB pursuant to this Letter of Agreement were revised as follows:

- (a) provide the Commission with research and administrative facilities to perform its duties and functions;
- (b) provide administrative services and Information Technology systems and services to facilitate the work of the Commission;
- (c) make its facilities available to the Commission for hosting of the Commission's meetings; such services to include assistance with making travel arrangements, reserving venues for meetings and any other services necessary for the efficient conduct of such meetings;
- (d) from time to time, provide legal and other advisory services to the Commission;
- (e) maintain an account to fund the financial operations of the Commission, and provide to the Commission financial assistance in accordance with the budget approved by the Monetary Council for this purpose;
- (f) prepare the accounts of the Commission as soon as practicable, or within one (1) month after the end of the financial year, in accordance with Article 27 of the ECSRC Agreement;
- (g) ensure that the Secretariat of the Commission is provided with the approved complement of suitably qualified staff to carry out the work of the Commission;
- (h) consult with the Chairman of the Commission on matters related to ECSRC Secretariat staff assignments and/or reassignments;
- (i) in carrying out the services specified in this agreement, take into consideration the provisions of Articles 4 and 6 of the ECSRC Agreement;
- (j) perform such other functions as may be agreed between the Central Bank and the Commission from time to time.

The revised Letter of Agreement was approved at the 60th Meeting of Commissioners on 22 February 2016 and executed in October 2016 for a 5-year period ending in October 2021.

# THE ECSRC TEAM



**ALOUSIA FAISAL**  
Secretary

Ms Faisal is a financial services professional with over 29 years' experience in the financial services sector in the ECCU, over fifteen of which, are in financial regulation and supervision. Ms Faisal holds a Bachelor of Science degree in Management Studies with First Class Honors from the University of West Indies and a Master in Business Administration (Finance) degree from the University of Durham in the United Kingdom. Ms Faisal is a member of the Association of Certified Anti-money Laundering Specialists (ACAMS) and is a Certified Anti-Money Laundering Specialist (CAMS). In her role as Secretary of the ECSRC, Ms Faisal is responsible for day-to-day management of the operations of the Secretariat of the ECSRC.



**SUZY ST BRICE**  
Legal Officer II –  
Legal, Compliance  
and Enforcement  
Division

Ms Suzy Anna St. Brice joined the ECSRC in November 2015 and leads the Legal, Compliance and Enforcement Division. Ms St Brice holds a Bachelor's Degree in Law (Hons) from the University of London and a Post Graduate Diploma in Law from the University of Northumbria and the Legal Education Certificate from the Hugh Wooding Law School. Ms St Brice is currently pursuing a Master of Science Degree in Finance and Financial Law from the School of African and Oriental Studies. Ms St Brice is a Certified Anti-Money Laundering Specialist (CAMS) and has over nine years call in the legal profession.



**JEVILLE JOHN**  
Legal Officer I –  
Legal, Compliance  
and Enforcement  
Division

Mr Jeville John, a qualified lawyer, joined the ECSRC Team in February 2020. Mr John holds a Masters in International Banking and Finance Law from University College London, United Kingdom; a Legal Education Certificate from the Hugh Wooding Law School, Trinidad and Tobago; and a Bachelor of Laws from the University of the West Indies, Cave Hill, Barbados



**AVONIS DANIEL**  
Analyst I – Market  
Regulation and  
Surveillance

Ms. Avonis Daniel is a qualified Analyst serving in the Market Regulation and Surveillance Division at the Eastern Caribbean Securities Regulatory Commission. She has six years' experience serving in the Regulation and Supervision industry. Ms. Daniel holds a Master of Science in Accountancy obtained from the University of Phoenix, and a Bachelors of Business Administration in Accounting with a Minor in Finance which she obtained from Monroe College, New York.

# THE ECSRC TEAM



**FRANCINE FELICIEN**  
Analyst I – Market  
Regulation and Sur-  
veillance Division

Ms. Francine Felicien is a professional accountant who joined the ECSRC team in February 2020. Ms. Felicien is a member of the Association of Certified Chartered Accountants (ACCA) and holds a Bachelor of Science Degree in Accounting (specialization) from the University of the West Indies, St Augustine, Trinidad and Tobago. Ms Felicien is also an Anti-Money Laundering Certified Associate (AMLCA) and brings with her fifteen years of experience in various areas of accounting including seven years of experience in financial regulation and supervision.



**VERLINE DAMISSE**  
Administrative  
Officer

Ms Verline Damisse, is an Administrative/Human Resource Professional with over 10 years' experience in Administration/Human Resource within varying industries. Ms Damisse holds a Master of Science in Human Resource Management and Training, obtained from the University of Leicester, and a Bachelor of Science in Management from the St George's University. She joined the ECSRC Secretariat team in June 2019.



**SAMANTHA LEWIS**  
Analyst I –  
Corporation Finance

Samantha Lewis holds a Bachelor of Science degree in Banking and Finance from the University of the West Indies and a Master in Business Administration (International Business) from St George's University, Grenada. Ms Lewis is currently pursuing a Master of Science degree in Finance with the University of Portsmouth, United Kingdom. Ms Lewis has also gained over 10 years of professional experience in the banking and insurance industry. Samantha joined the ECSRC in July 2017.

# ECSRC Strategic Objectives (2016 – 2021)

Establish and maintain an effective and responsive regulatory and supervisory framework.

01

Strategic Objective 1

Strategic Objective 2

02

Improve the operations of the ECSRC Secretariat to enable the Commission to effectively deliver its mandate.

Develop and enhance the Commission's financial sustainability

03

Strategic Objective 3

Strategic Objective 4

04

Promote investor education, awareness of the Commission and interest in the ECSM.

Improve the quality of market disclosures and facilitate investor access to information.

05

Strategic Objective 5

# Secretary's Report

In 2001, each ECCU member country enacted the uniform Securities Act, which governs the operations of the ECSM. Under this legislation, the ECSRC is charged with the following responsibilities:

- i) to license any person engaged in securities business and to monitor and supervise the conduct of such business by a licensee;
- ii) to promote investor protection through promotion of the highest standards of professional and other activities within the securities market;
- iii) to maintain effective compliance and enforcement programmes supported by adequate statutory powers; and
- iv) to promote the growth and development of the capital markets.

During the 2019/2020 financial year, the Secretariat's activities continued to be closely aligned towards achieving the Commission's mandate, strategic goals and objectives.

***In an effort to build capacity in securities market regulation and supervision, all staff members in the ECSRC Secretariat as well as Commissioners were exposed to formal organized training programs, workshops and conferences throughout the year.***

## ***Licensing, Monitoring and Supervision of Licensees***

The Commission continued to develop policies to expand market participation through the certification and licensing of individuals and companies to operate in the ECSM and strategies to strengthen the supervision and monitoring of licensees. Most notably, the Secretariat commenced the phased implementation of a risk-based supervisory approach to monitor the operations of licensees. This involved the implementation of offsite risk monitoring of active licensees through reports of internal audit and independent external audit compliance reviews.

**Alousia Faisal**  
Secretary

Each year, the ECSRC in collaboration with the ECSE facilitates the ECSM Certification Programme and Examination. The objective of this programme is to assist individuals who are interested in applying to participate in the ECSM as a broker-dealer's Representative, Principal or as an Investment Adviser, to meet the requisite certification requirements for licence eligibility. The program consists of theory and practical training to introduce participants to various aspects of the securities industry and the laws and regulations in force in the ECSM and an introduction to the ECSE trading platform and aspects of the securities registry and depository functions. During the 2019/2020 financial year, two ECSM Certification Programmes were held in October 2019 and March 2020.

The Commission also reviewed its policy of automatic revocation of individual licenses. Principal or Representative when an individual licensee leaves the employ of a broker-dealer. Under the revised policy, the licence of an individual who is accredited to a licensed intermediary would not be automatically revoked if the individual elected to leave the employ of the licensed intermediary. Over the years, there has been a noticeable increase in staff turnover within some licensed intermediaries which has created a high demand for individual licensees in the securities market. These institutions must recruit a suitable candidate, train the individual and bear the cost to licence the new employee. When candidates are not successful in the certification examination, the institution incurs additional cost to facilitate the re-sit(s) of the examination. In view of these challenges, the Commission agreed to offer the option to hold a Representative licence without accreditation, upon application and successful completion of the ECSM Certification Examination and to permit a licensed individual who resigns from the employ of a licensed broker-dealer to continue to hold a licence.

This change in policy was based on the Commission's discretionary authority under section 66(1)(f) of the Securities Act 2001.

A Representative licence without accreditation, only authorises the holder to conduct securities business in the ECSM when he/she is employed by a licensed intermediary. Therefore, the licence certificate which the Commission issues to these individuals bears the following proviso:

- *The holder of this licence may only conduct the securities business authorized by this licence, when he/she is accredited to a licensed intermediary, pursuant to section 64(2) of the Securities Act and the licence certificate indicates that the licence holder is duly accredited to a licensed intermediary.*

The advantages of offering the licence (without accreditation), include the following:

- provides greater marketability in the job market to the holder of the licence and provides a viable recruitment option to licensed intermediaries in the ECSM; and
- the creation of a pool of licensed candidates in the ECCU that would be available for licensed intermediaries to recruit candidates to fill positions within their firms.

### **Adoption of CPSS-IOSCO Principles for Financial Market Infrastructures**

During the financial year, the Commission approved the adoption of the CPSS-IOSCO PFMI Standards to assist with the efficient regulation and supervision of Clearing Agency and Securities Depository licence holders and that a PFMI Self-Assessment Questionnaire be administered to the ECCSD, pursuant to section 132(1) of the Securities Act. The objective of the PFMI Self-Assessment is to assist the Commission in assessing the level of compliance of the Central Securities Depository with the CPSS-IOSCO Principles. The ECCSD holds both a Clearing Agency and a Securities Registry licence granted by the Commission.

The Commission is of the view that the adoption of these Principles for the ECCSD would assist in ensuring that it not only continues to meet the requirements of its licences, but that it can continue to meet the requirements for membership of the ECCU Payment System.

## **Promoting Investor Education and Awareness**

Investors who are uninformed are at higher risk for becoming the victims of investment fraud. As the Commission cannot, on its own, avert all incidents of securities fraud in the ECSM, an investor education programme should seek to enhance the financial capability of investors and assist the Commission in reducing incidents of fraud and, in general, alter the investing culture in the ECCU. Therefore, at its 76th Meeting on 27 March 2020, the Commission approved a revised investor awareness program for implementation in the ECSM.

As part of its ongoing investor awareness initiatives, the ECSRC continued to participate in meetings and activities of the IFIE Americas Working Group, supported by the IFIE. The IFIE Working Group represents 16 jurisdictions across the Caribbean. Its main objective is to provide an avenue for assistance and collaboration between the IFIE and members of the CGSR to build financial capacity/investor education through the development of materials and content delivery programmes. In October 2019, the ECSRC with the members of the IFIE Working Group, participated in activities to mark WIW 2019. The ECSRC also participated in activities in St Kitts and Nevis to commemorate Financial Information Month and activities in St Kitts and Nevis to commemorate Financial Information Month.

To promote and improve its engagement with the public, the Commission commenced a review of its website to enhance its appeal, usability and to include some new features including one that would permit market stakeholders and other visitors to the website to sign up to receive updates and notices posted to the website as soon as these are released. In the upcoming financial year, the Commission will also be developing its social media pages to provide up-to-date information to the public and to drive its investor awareness and education programme throughout the ECCU member countries.

## **Compliance and Enforcement**

Generally, compliance by registrants and market intermediaries continued to improve, particularly with regard to the submission of filings by reporting issuers and quarterly and annual reports by licensed intermediaries. The Commission worked closely with market participants, through the use of moral suasion, ongoing engagement and follow-up to ensure the timely submission of filings and returns.

Given the potential complexity of securities instruments and the propensity for fraud, strong enforcement of securities laws is critical for the protection of investors and promoting confidence in the securities market. During the year, the Commission conducted investigations and issued warning notices and cease and desist notices to various entities and individuals who were found to be conducting securities business in the ECCU member countries, without the requisite authorisation. Notices were published in the media in some of the countries to provide general advice to the public on matters related to the conduct of securities business and the prior authorisations and/or approvals that may be required from the Commission.

## **COVID-19 Response**

In response to the States of Emergency imposed by the ECCU member countries as well as other restrictions that have impacted business operations as a result of the COVID-19 pandemic, the Commission approved extended deadlines for the submission of all annual and quarterly filings. Where filings could not be completed within the extended period, the Commission considered and granted further relief to reporting issuers and licensees on a case-by-case basis.



## Human Resources

Effective 3 February 2020, the ECSRC Secretariat welcomed two additional employees; Francine Felicien, Analyst I and Jeville John, Legal Officer I. The new staff members were engaged in formal training and orientation sessions with staff of the Secretariat as well as other Departments within the ECCB and the ECSE over a four to six-week period.

In an effort to build capacity in securities market regulation and supervision, all staff members in the ECSRC Secretariat as well as Commissioners were exposed to formal organized training programs, workshops and conferences throughout the year. These included:

- *14th Annual Caribbean Group of Securities Regulators Conference, Nassau, The Bahamas (23 – 25 May 2019)*
- *International Forum for Investor Education (IFIE) Americas Caribbean Working Group Training and Workshop, Nassau, The Bahamas (May 2019)*
- *Toronto Centre International Securities Program on “Decoding FinTech and Capturing the Opportunities in Capital Markets” (14 – 19 July 2019)*

The ECSRC thanks the CARTAC for its continuing support through funding for the participation of staff and Commissioners in the above training programmes.

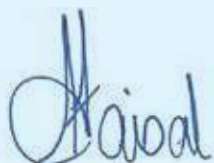
Secretariat staff also participated in a number of internal capacity building sessions, on the following topics/areas:

- Productivity Basics Training facilitated by the ECCB Human Resource Department from 26 to 28 February 2020;
- Inaugural Conference with Financial Institutions and the ECCB/Toronto Centre Workshop on Coping with Climate Change and other Environmental Risks.
- IOSCO Core Principles (1 – 9) of Securities Market Regulation
- Cybersecurity
- Corporate Governance Guidelines
- Developing and Implementing a FinTech Regulatory Sandbox for the ECSM
- Revised Securities Bill

## Cooperation in Regulation

Effective regulation depends on cooperation between international and domestic regulators. The timeliness of responding to queries, concerns and or allegations by other regulators is of critical importance. The Commission through the office of the Secretariat continued to foster and build relationships with regional and international securities market regulators and other relevant regulatory bodies. In addition to responding to requests for assistance from, the Commission collaborates through participation in meetings and/or membership in a number regional and international Committees:

- ECCU Regulatory Oversight Committee
- Eastern Caribbean Payments Council
- Regional Debt Co-ordinating Committee
- CGSR
- CGSR FinTech Committee
- IFIE Caribbean Working Group; and
- Toronto Centre Securities Advisory Board (joined in July 2019).



**Alousia Faisal (Ms)**  
Secretary



## Legal, Compliance and Enforcement

The Legal, Compliance and Enforcement Division ensures compliance with and enforces the requirements of the securities legislation, to protect investors from fraud and to encourage investor confidence in the securities market. During the financial year, the activities of the Legal, Compliance and Enforcement Division continued to be focused primarily on the finalization of the revised securities regulations, the enactment of new and revised securities laws in each ECCU member countries and the Commission's application for IOSCO membership.

### ***Enhancing the ECSM Legislative Framework***

After a period of market consultations with the legislative authorities in the ECCU member countries and other ECSM stakeholders, a new Securities Bill 2020, Investment Funds Bill 2020 were finalised. At the 94th Meeting of the ECCB Monetary Council on 11 October 2019, the Monetary Council agreed to recommend to the member countries, the enactment of the revised securities market legislation. The Bills were forwarded to the ECCU member countries in December 2019, for enactment by the Legislature in each member country.

***The finalization of the Securities Bill and ECCU Investment Funds Bill brings the ECSRC one step closer to achieving its goal of attaining International organization of Securities Commissions (IOSCO) membership.***

Following the extensive changes to the ECSRC Agreement 2000 to enable the Commission to attain IOSCO membership, the Commission decided that a new ECSRC Agreement 2020 would replace the current ECSRC Agreement 2000 and the new ECSRC Agreement 2020 would be enacted into law as the ECSRC Agreement Act 2020. At the 95th Meeting of the Monetary Council held at the Eastern Caribbean Central Bank Headquarters on 14th February 2020, the revised ECSRC Agreement was signed by the representatives of six of the eight member countries in attendance. The Agreement was subsequently forwarded to the two remaining countries for signature.

The Secretariat is continuing to follow-up with the member countries for the signing of the ratification instrument to bring the Revised ECSRC Agreement into force.

The Commission commends the Government of Antigua and Barbuda for the prompt passage of the three Bills - Securities; Investment Funds and ECSRC Agreement by the country's House of Representatives on 25 February 2020.

In the upcoming financial year, the Commission will be completing revisions to the Regulations to be made under the new Securities Bill and Investment Funds Bill.

### **Application for IOSCO Membership**

The finalization of the Securities Bill and ECCU Investment Funds Bill brings the ECSRC one step closer to achieving its goal of attaining IOSCO membership. At its 75th Meeting held on 26 November 2019, the Commission agreed to expedite its application for associate membership and to simultaneously commence work on its application to become signatories to the IOSCO MMoU. It is anticipated that this application process will be completed during the 2020/2021 financial year.

The primary benefit of association with IOSCO is the technical assistance available from more experienced regulatory institutions. Published IOSCO reports of case studies of some of its members suggest the successful implementation of growth policies and strategies. These policies and strategies were implemented after the completion of market assessments also assisted by IOSCO technical teams. Membership affords this type of assistance that can benefit the jurisdiction in achieving its capital market development goals. IOSCO membership informs the international community that the jurisdiction possesses the quality of regulation that instils trust and confidence in the market.

### **Improving Minority Investor Protection**

In July 2019, in response to an invitation from the CCPF, the Commission commenced collaborative work on a project for the Government of Saint Lucia, funded by the IADB to improve legislation to strengthen minority investor protections in Saint Lucia. This process would necessarily involve

a review of the securities legislation and given that that the Securities laws are regional ECCU legislation, any work undertaken on the Securities Bill under the project for Saint Lucia would also redound to the benefit of all the other ECCU member countries. The results of the project would be to improve the scores of the ECCU member countries in the World Bank "Ease of Doing Business" country assessments.

### **CARICOM Draft Policy for the Development and Regulation of a Regional Securities Market**

At the 12th Meeting of the COFAP which was held in The Bahamas in 2008, members agreed that a major element of the integration programme should be the formulation of a uniform Securities law for adoption by Member States. Accordingly, the CARICOM Secretariat embarked on a project to implement the requirements of Article 14(2)(e) of the Revised Treaty of Chaguaramas Establishing the Caribbean Community including the CSME. Article 14(2)(e) states:

*"Subject to the relevant provisions of Article 12, COFAP shall have primary responsibility for economic policy co-ordination and financial and monetary integration of Member States and, without prejudice to the generality of the foregoing, shall:*

*.....(e) promote the establishment and integration of capital markets in the Community....."*

The project involved the drafting of a Model Regional Securities Law along with a Draft Policy for the Development and Regulation of the Regional Securities Market for consideration by Member States. The draft Model Law outlines inter alia, common standards for licensing and registration, disclosure and reporting obligations for market participants as well as other key provisions for mutual recognition and cooperation between regulatory agencies including exchange of information.

The draft policy for the Development and Regulation of a Regional Securities Market in CARICOM seeks to promote the modernization and growth of a fair and efficient domestic capital market as a platform for the emergence of a regional securities market within the context of the CSME.

At its 73rd Meeting held on 4 June 2019, the Commission reviewed the CARICOM draft policy and agreed to recommend to the ECCU Ministers of Finance:

- i) the adoption of a coordinated approach towards the participation of ECCU Member States in the Caribbean Community (CARICOM) integration of capital markets project; and
- ii) the establishment of an ECCU Working Group comprising representatives nominated by each ECCU Member Government to work along with the ECSRC Legal team to advise Member Governments on the CARICOM regional securities market project.



### Compliance and Enforcement

To promote integrity, stability and investor confidence in the securities market, effective enforcement of the securities laws is critical. Enforcement must be timely, fairly and consistently applied and the regulator must demonstrate a willingness to enforce the securities laws and rules and must be intrusive and proactive in so doing.

Over the financial year, the ECSRC conducted investigations into a number of cases of infringement of the securities laws and issued warning letters and cease and desist Orders to the respective offenders. The Commission's continued collaboration and engagement with its registrants and licensees has resulted in a significant improvement in the market's compliance with the statutory reporting requirements and has ensured the timely submission of filings and returns.

### Legal Advice and Opinions

During the financial year, the Commission continued to provide legal advice and opinions in response to requests for interpretation of the securities laws, particularly as it related to the licensing of market participants and offers of securities on the ECSM.

## Market Regulation and Surveillance

*The Market Regulation and Surveillance Division establishes and maintains appropriate standards for fair, orderly and efficient securities dealings in the ECSM. The division reviews applications for licences of all prospective market participants and makes recommendations to the Commission, conducts training and examinations of individual market intermediaries, and performs ongoing supervision and onsite examination of market participants*

### ECSM Certification Programme

Pursuant to section 54(4)(a)(v), section 60(3)(e) and section 62(3)(e) of the Securities Act 2001, in assessing an application for the grant of an investment adviser, principal or representative licence, respectively, the ECSRC shall have regard to the applicant's satisfactory completion of any examination requirements prescribed by the Commission. For this purpose, the Commission developed and implemented an ECSM Certification Examination in June/July 2001, prior to the start of the market in October 2001 to ensure that persons who were licensed to participate in the market possessed the requisite knowledge, qualifications and training to allow them to adequately perform their roles as investment adviser, principal and representative in the ECSM.

The Commission, in collaboration with the ECSE, hosted two ECSM certification workshops in October 2019 and March 2020. A total of 23 candidates were registered and attended the programmes. For the October 2019 programme, eight candidates were successful in the theory examination while nine candidates were successful in the practical examination. These persons are now eligible to apply to the Commission for a licence to operate as a Principal, Representative or Investment Adviser in the ECSM. The examination for the March 2020 programme was deferred due to the restrictions imposed in the ECCU member countries in response to the COVID-19 pandemic. In light of the operating challenges of the COVID-19 pandemic, the Commission will be seeking to administer the examinations via an online application, in the near future.

## Licences Granted and Revoked

As at 31 March 2020, there were fifty-one individuals and entities licensed by the Commission to operate in the ECSM.

Licence Type	31-Mar-20	31-Mar-19	31-Mar-18
	Number of Licences		
Broker-Dealers	10	8	9
Principal	16	17	18
Representative	15	17	19
Investment Adviser	0	0	0
Custodian	1	1	1
Collective Investment Scheme Custodian	2	2	1
Collective Investment Scheme Management Company	2	2	2
Collective Investment Scheme	2	2	2
Securities Exchange	1	1	1
Securities Depository	1	1	1
Securities Registry	1	1	1
<b>TOTAL</b>	<b>51</b>	<b>52</b>	<b>55</b>

During the period 1 April 2019 to 31 March 2020, five new licences were granted; Two Representative, Two Principal; and One Securities Registry. For the year ended 31 March 2019, the ECSRC granted six new licences; two (2) Principal licences, two (2) Representative Licences, one CIS Custodian licence, and one Broker-dealer licence.

The Commission also revoked three individual licences (two Principal and one Representative) at the request of the licence holders and/or accredited broker-dealers. These individuals indicated that they would no longer be conducting the business authorized by their licences. By comparison, for the year ended 31 March 2019, the ECSRC revoked a total of nine (9) licences: (2 broker-dealer; four Representative and three Principal) and in 2018, three licences (two Principal and one Representative) were revoked. In the case of the individual licences (Principal and Representative), the main reason for the revocations was that the licensee had resigned/retired from the broker-dealer firm where he/she was employed.

## Activities of Licenced Broker Dealers

As at 31 March 2020, there were eight companies licensed to operate as broker-dealers in the ECSM, while only six of the licensees actively participate in the securities market. These broker-dealers can be further classified, based on their principal activities, namely, core broker-dealers which are companies

engaged in securities business as their principal activity and non-core broker dealers which are those companies that do not engage in securities business as their principal activity.

During the 2019/2020 financial year, the market comprised one core broker-dealer and seven non-core broker-dealers all of which were banks. Five of these banks originate from the ECCU and two originate from other CARICOM member states.

### Licensed Broker Dealers Categorized by Institution Type

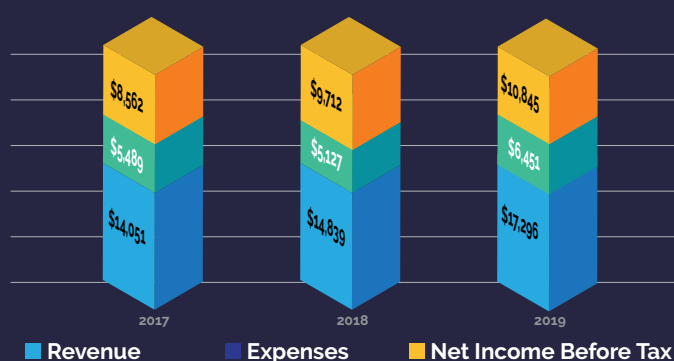
Institution type	31 March 2020
Core Securities Broker Dealer	1
Non-core Securities Broker Dealer of which:	
Domestic Banks- ECCU	5
Domestic Banks- CARICOM	2

### Income Generated by Broker-Dealers

Chart 1 compares the aggregated revenues, expenses and net income before tax of the broker-dealers over the three-year period ended 31 December 2019.

Over the year ended 31 December 2019, revenues increased by 16.6% to \$17.296 million over revenue reported as at 31 December 2018. As at 31 December 2018, revenue generated from brokering, dealing or associated activities totalled \$14.839 million. This represented an increase of 5.6% over total revenue of \$14,051 million reported for the year ended 31 December 2017. Conversely, aggregated expenses decreased by 6.6% from \$5.489 million in 2017 to \$5.127 million in 2018, and increased by 25.8% to \$6.451 million in 2019.

Chart 1 - Aggregated Broker Dealer Income 31/12/2017 - 31/12/2019



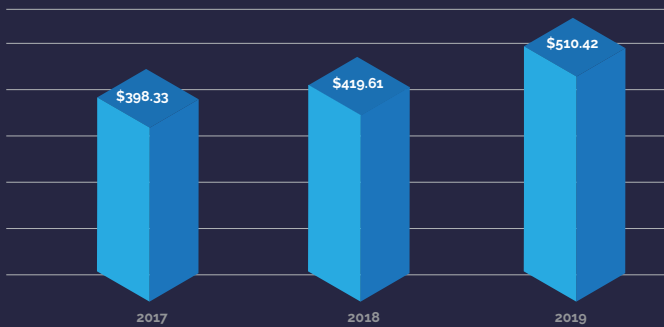
<sup>1</sup> Unless otherwise stated, all figures are in Eastern Caribbean Dollars.

Net income before tax exhibited an increasing trend from \$8.562 million in 2017 to \$9.712 million in 2018 (13.4% increase) and \$10.845 million (11.7% increase) in 2019. The increase in revenue over the three-year period was attributed mainly to income from investment and corporate finance activities.

• **Assets Under Management (AUM)**

Chart 2 illustrates the Total AUM for five broker-dealers for the years 31 December 2017 to 31 December 2019.

**Chart 2 Total Assets Under Management by Broker Dealers from 31 December 2017 – 31 December 2019**

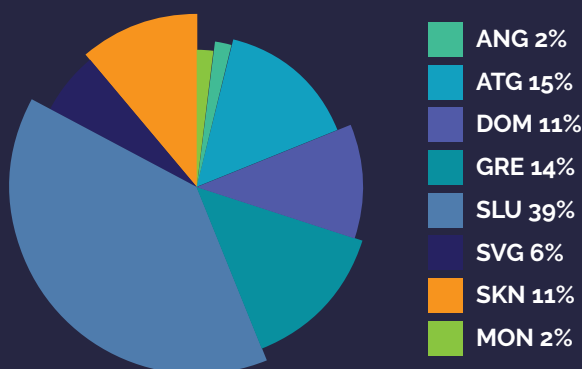


As at 31 December 2017, AUM totalled \$398.33 million, this amount increased by 5.34% to \$419.6 million in 2018 and by a further 21.6% at the end of 2019 to \$510.4 million. The increase in AUM over the period was attributed to an increase in the portfolios of five broker-dealers.

• **Securities Sold**

Chart 3 illustrates the 2019 market share of each member territory with respect to securities sold to investors on both the ECSM and RGSM.

**Chart 3: Market Share per Territory as at 31 December 2019**



Activities on the securities market is dominated by Saint Lucia where sales of securities represented". Reason being, the brokers in Saint Lucia also do sales for persons in other countries. 39% of the total securities sold, followed by Antigua and Barbuda with 15% and Grenada with 13%. The two most active broker-dealers in the ECSM and RGSM are located in Saint Lucia.

Chart 4 depicts the total value of securities sold within each participating country from 31 December 2017 to 31 December 2019. In 2017 securities valued at a total of \$1.954 billion were sold in the ECSM and RGSM, this declined by .15% in 2018 to \$1.951 billion, but rebounded to \$2.810 billion in 2019, representing a 44.0% increase.

The decline in 2018 was led by a decrease in securities sold in four of the eight participating countries, namely: Antigua and Barbuda, Grenada, Saint Vincent and the Grenadines and Montserrat. The rebound in 2019 was led by Antigua and Barbuda, Saint Kitts and Nevis and Anguilla.

**Chart 4 Value of Securities Sold Per Territory 31 December 2017 – 31 December 2019**

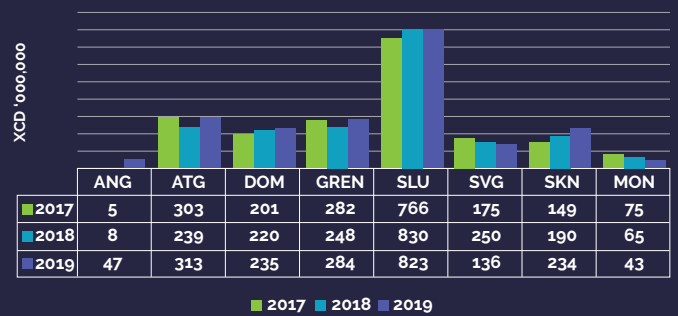


Chart 5 compares the total value of securities sold via private placement and public offer in the ECSM and RGSM from 31 December 2017 to 31 December 2019.

There was a declining trend in the value of securities sold via private placement over the period. The value of securities sold via private placements from 2017 to 2019, declined by 13.7%, from \$570 million to \$492 million and decreased by a further 2.0% to \$482 million at the end of 2019.

Conversely, securities sold via public offer increased over the period, with a 3.3% increase from \$1,399 billion in 2017 to \$1,445 billion in 2018. The market for public securities further expanded by 15.0% in 2019 to \$1,662 billion.

**Chart 5 - Securities Sold - Private vs Public Offer 31/12/17 - 31/12/19**

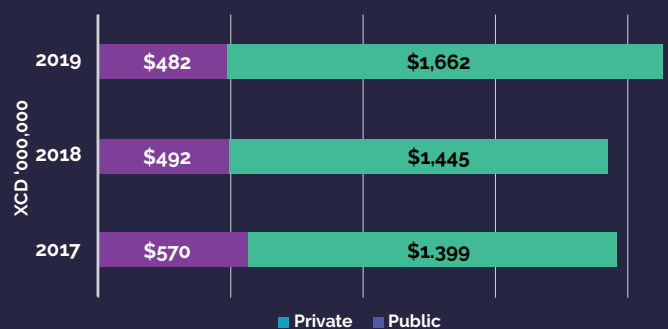


Chart 7 Securities Sold via Private Placement vs Public Offer from 31 December 2017 – 31 December 2019

## Corporation Finance

*The Corporation Finance Division reviews and has general oversight of corporate disclosure of information to the public. Reporting issuers (public companies, other issuers of securities) are required to comply with public disclosure regulations. The disclosure by Reporting Issuers must be made initially on the sale of securities and then on a continuing and periodic basis. The Corporation Finance Division develops and promotes the financial reporting and disclosure standards for issuers in the ECSM.*

During the financial year ended 31 March 2020, the ECSRC reviewed a total of 13 prospectuses for offers of securities on the ECSM (6) and the RGSM (7), for a total value of approximately EC\$3,528 million and US\$100 million. This amount represented an increase of EC\$1,532 million (76.8%) in the total value of prospectuses reviewed for proposed offers of securities in the ECSM and RGSM, over the prior year ended 31 March 2019.

### **TOTAL VALUE OF PROSPECTUSES REVIEWED FOR OFFERS OF SECURITIES ON ECSM DURING 2019/2020**

Prospectuses Reviewed	Eastern Caribbean Securities Market				Regional Government Securities Market	
	2020		2019		2020	2019
	EC\$M	US\$M	EC\$M	US\$M	EC\$M	
Public Offers	1,162	100	792	100	1,386	1,189
Private Offers	630	-	15	-	350	-
<b>TOTAL</b>	<b>1,792</b>	<b>100</b>	<b>807</b>	<b>100</b>	<b>1,736</b>	<b>1,189</b>

During the 2019 financial year, the Commission reviewed 12 prospectuses (RGSM (8) and ECSM (4)) for offers of securities valued at approximately EC\$1,981 million. The proposed offerings denominated in United States currency in 2020 and 2019 on the ECSM was associated with a proposed public offer of fixed income paper (Repurchase Agreements) by a licensed broker-dealer (\$100 million in 2020 and 2019).

On the ECSM, the increase of EC\$985 million in the total value of securities proposed for offer in EC dollars by corporate entities on the ECSM during the 2019/2020 financial year, was due primarily to offers of short-term debt securities by a public company and two licensed broker-dealers operating in the ECCU. These entities opted to seek financing

from the market for operational and financial management as well as for investment purposes.

During the year, three public companies raised capital through Rights Issues and share offers via private placements.

The main types of securities proposed for offer on the RGSM and ECSM were primarily short-term (90 to 365 days); Treasury Bills, Treasury Notes, Corporate Paper and Fixed Income Paper/ Repurchase Agreements.

The ECSM continued to be dominated by a few participants, resulting in concentrations in offerings by these issuers, primarily the Government of Saint Lucia on the RGSM and the Eastern Caribbean Home Mortgage Bank and First Citizens Investment Services Ltd on the ECSM.

### **ECSRC Rules**

Over the years, under the authority granted under sections 161 and 163 of the Securities Act 2001, the Commission has issued Rules and Guidance Notes to promote efficiency, fairness and transparency in the operations of the ECSM.

### Revised Securities (Accounting and Financial Reports) Rules 2019

During financial year 2019/2020, the ECSRC reviewed the reporting issuer disclosure Rules. These Rules aim to provide investors with up-to-date information on the operations of all public and listed companies to inform investor decision-making. The Rules were last revised in 2015. The main objective of the review was to ensure that the information to be reported under the Rules continue to be relevant for investors and other market participants. The revised Rules were approved at the 73rd Meeting of the Commission and forwarded to the ECCU member countries for publication in the Official Gazette in each member country.

Also, during the financial year, the ECSRC developed Corporate Governance Rules for the ECSM, to strengthen and enhance the current regulatory framework and contribute to supporting the operation of a safe and efficient securities market by safeguarding stakeholders' interest, through the performance of the Board of Directors of each public company and issuer of securities in the ECSM. The Rules principally address issues such as:

- Composition, qualification, duties and remuneration of the Board;
- Company's relationship with shareholders with the objective of protecting shareholders' rights;
- Company's responsibility in implementing risk management and internal control policies;
- Accountability and reporting obligations of the Board of the Directors.

The Commission anticipates that the issuance of these Rules will also facilitate the Commission's adherence to the (IOSCO) Principles for Issuers (16, 17 and 18), as we seek to obtain IOSCO membership.

#### Securities (Repurchase Agreements) Rules

In light of the increasing volume of fixed income asset-backed securities business being conducted in the ECSM, the ECSRC viewed the development of a framework to govern this activity as critical. Work on the development of supervisory guidelines/rules commenced in 2016. Following an extensive consultative process with market participants, the Rules were finalised and approved by the Commission at its 73rd Meeting on 3 September 2019. The finalised Rules were circulated to the Market and subsequently forwarded to the ECCU member countries for publication in the Official Gazette in each member country.

#### Draft Private Placement Rules 2002

At its 76th Meeting, the Commission considered the shortcomings of the draft Private Placement Rules. Commissioners noted that the lack of guidance for determining what falls to be considered as a private placement will be addressed by the new Securities Bill; section 63 of the Securities Bill outlines various categories for exemption from the prospectus requirements. The new Bill will also address the concerns that the Commission on its own determines the criteria for consideration of an issue as a private placement. Consequently, the Commission approved a recommendation that appropriate rules be drafted to provide guidance to the market in choosing the appropriate exemption for an issue of securities to support

the exemption provisions outlined in section 63 of the new Securities Bill. The Rules should be in place to coincide with the enactment of the new Securities Bill and will replace what is now the Draft Private Placement Rules being used by the Commission. Until the new rules are implemented, the Commission will continue to rely on the Draft Private Placement Rules 2002 as guidance only, where applicable.

#### Procedure for the Approval of Amendments to Material Facts in Approved Prospectuses

Given the recent increase in the number of requests for amendments to material information contained in approved prospectuses and the lack of legislative guidance on the matter, the Commission approved an administrative procedure for amendments in approved prospectuses. The market was notified of the new policy following the 76th Meeting of the Commission on 27 March 2020.



## *Eastern Caribbean Securities Market (ECSM) Certified Professionals Eligible for Licensing by the ECSRC*



### **Gale Cumberbatch**

Investment Associate  
Investment Services - First Citizens St. Lucia

“ This certification not only allows me to effectively carry out my substantive role but also equips me to be a part of the growth and development of the region’s securities industry. The workshop provided a wealth of knowledge and better understanding of how the ECSE and the ECSRC operate. I was very impressed with the presenters; they were well informed on the topics and provided a comfortable setting which allowed for an interactive session. It reinforced my knowledge acquired through formal education and brought life to all the reading material including the Securities Act and ECSRC Regulations. ”

# Financial HIGHLIGHTS



## Revenue

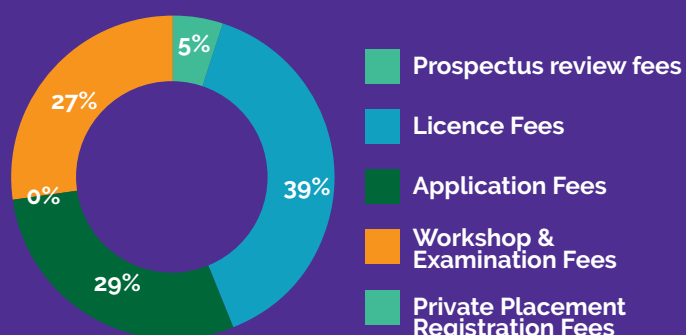
Over the financial year ended 31 March 2020, the EC-SRC reported total revenue of \$1,075,765, resulting in a reported a net operating surplus of \$91,178. This compared favourably to the operating surplus of \$24,115 reported over the previous financial year.

**Whereas in previous years, a major portion of the Commission's fee income was derived from prospectus review fees, in the 2019/2020 financial year, the total share of the Commission's fee income from this source declined to 32% compared to 51% for the 2018/2019 financial year.**

Total Revenue	31-Mar-20	31-Mar-19	31-Mar-18
Prospectus review Fees	104,609	60,305	94,045
Licence Fees	78,100	78,161	68,500
Application Fees	994	4,800	5,835
Workshop and Examination Fees	73,169	43,500	17,100
Advertisement Filing fee	-	-	250
Private Placement Registration Fees	13,722	-	1,000
Other Income (Subvention from ECCB)	805,171	764,415	823,675
<b>TOTAL</b>	<b>\$ 1,075,765</b>	<b>\$ 951,181</b>	<b>\$ 1,010,405</b>

The Commission's income in 2020 was positively impacted by fees collected for the hosting of the 20th and 21st ECSM Certification Programs and for the review of Prospectuses. There was a significant increase in the number of prospectuses submitted for review, as evidenced by the overall increase in the volume of proposed offers of securities on the ECSM. Over the financial year, prospectus review fees increased by 73.5% from \$60,305 in 2019 to \$104,609 in 2020. While Workshop and Examination Fees increased by 68.2% to \$73,169.

**ECSRC Fee Revenue Sources**  
F/Y Ended 31-Mar-2020



The Commission continued its efforts to diversify its income base. Whereas in previous years, a major portion of the Commission's fee income was derived from prospectus review fees, in 2019, the total share of the Commission's fee income represented by prospectus review fees declined to 32% compared to 51% for 2018. In the 2020, financial year, prospectus review fees accounted for 39% of the Commission's total revenue, followed by licence fees – 29% and Workshop and examination fees - 27%.

### Other income

Article 26(5) of the ECSRC Agreement 2000 states:

"Where any deficit arises on the operations of the Commission or is budgeted for in the Estimates of expenditure of the Commission the Participating Governments shall provide a subvention to the Commission to meet the deficit in such proportion as may be determined by the Monetary Council."

To date this responsibility continues to be carried out by the ECCB supported by Article 3(d) of the ECSRC Agreement 2000. During the 2019/2020 financial year, the Commission received a total subvention of approximately \$0.8 million; an increase of 5.33% when compared to financial year 2018/2019.

### Total Subvention for the financial year ended 31 March 2020

Other Income	31-Mar-20	31-Mar-19	31-Mar-18
<b>Subvention from ECCB</b>	<b>805,171</b>	<b>764,415</b>	<b>823,675</b>

### Expenses

Total expenses over the financial year ended 31 March 2020 increased marginally by 6.2% compared to a decrease by 8.4% over the financial year ended 31 March 2019. Operating expenses, mainly Salaries - \$805,171, Repairs and Maintenance - \$17,100 and Training - \$21,111 contributed to the increase in total expenses. Administrative Expenses decreased by \$3,886 (12.2%) over the financial year.

### Total Expenses for the financial year ended 31 March 2020

	31-Mar-20	31-Mar-19	31-Mar-18
Operating Expenses			
Salaries, pensions and other staff benefits	805,171	764,415	823,675
Commissioners' fees	66,000	66,000	66,000
Meetings, Conferences and workshops	25,229	21,732	361
Travel	-	11,042	13,102
Commissioners' meetings	5,103	10,699	11,119
Investor Education	9,672	8,199	2,403
Services	2,012	4,830	5,219
Repairs and maintenance	17,100	2,250	-
Training	21,111	2,083	4,039
Miscellaneous	4,581	2,935	4,610
Office Supplies	560	947	8,085
<b>Administrative Expenses</b>	<b>28,048</b>	<b>31,934</b>	<b>73,684</b>
<b>Total Expenses</b>	<b>984,587</b>	<b>\$927,066</b>	<b>\$1,011,897</b>

Over the financial year, the Commission continued to benefit from financial support from the CARTAC to cover travel and related expenses associated with staff participation in the Annual CGSR Conference and Workshop as well as other meetings/seminars that staff and Commissioners attended over the 2019/2020 financial year.

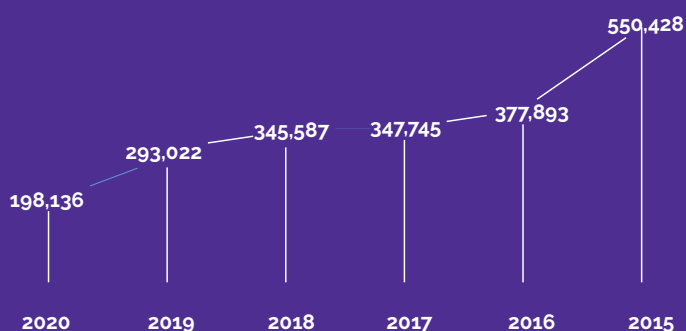
## Assets

As at 31 March 2020, the Commission's assets totalled \$30,645; a decrease of 37.2% (\$18,171) over the previous financial year. The Commission's assets comprise mainly computer and office equipment and intangibles which are subject to depreciation over the financial year.

## Liabilities

Total liabilities declined from \$365,421 as at 31 March 2019 to \$256,072 as at 31 March 2020. This decrease was reflected primarily in the amount Due to ECCB which decreased by 32.4 per cent (\$94,886) from \$293,022 to \$198,136 over the financial year.

Trend in Balance Due to ECCB (EC\$)



Accruals and Payables increased by 29.9% as at 31 March 2020. This amount represented the amount due for audit fees for the external audit of the Commission's accounts.

Deferred income decreased by 26.6% (\$17,000) from \$63,900 to \$46,900 due to more timely collection of annual renewal fees. Licence fees for the renewal of all licences issued by the Commission are due and payable in advance for the upcoming financial year and must be received by 1 April each year.

Overall, the Commission's finances continue to improve as reflected by the operating surpluses reported over three of the last four financial years. This was achieved mainly through the management of expenses and financial and technical support from regional and international donor agencies such as CARTAC, IMF and World Bank that have continued to support the work of the Commission over the years.

Notwithstanding the increase in staff complement over the 2019/2020 financial year, the Secretariat continued to face critical resource challenges which impacted its ability to complete a number of tasks outlined in its work programme; activities that are vital to fulfilling the Commission's regulatory and supervisory mandates.

## Strategic Focus 2021 and Beyond

On 13 March 2019, the ECCB announced the launch of its pilot for a Digital EC Dollar (DXCD). The ECCB Governor, Mr Timothy N. J. Antoine, in his remarks at the launch, stated: "In our Strategic Plan 2017-2021, we made the case for socio-economic transformation and issued a clarion call for collective action to transform the ECCU together. I have said it before and I reiterate it today, such transformation is not possible without digital disruption. I therefore urge us to avoid a "failure of imagination" as we craft the way forward."

Governor Antoine further stated, "For our region to improve our development prospects and performance, we must expedite our digital transition. To this end, regulators and innovators must work together. This pilot exemplifies such collaboration."

The development of virtual currencies and its associated distributed ledger or block-chain enabled technologies are now increasingly being used in the financial markets to raise capital as investments, similar to the holding of shares and other securities. Although these activities have been more prevalent in the developed countries, recently there have been efforts made by some individuals and companies to introduce these activities and products in the ECCU. Additionally, the ECCU member governments have signaled an intent to permit these types activities and their related businesses to operate in the ECCU, as a means to foster economic growth and development.

One of the mandates of the ECSRC is to promote the growth and development of the capital markets in the ECCU. Therefore, consistent with the call for transformation and the implementation of the ECCB FinTech initiatives, the Commission will seek to embrace and promote financial technologies as an integral part of the development of the ECSM.

The Commission's current five-year Strategic Plan expires in 2021 and it is set to embark on the development of new strategic priorities for the next three years (2022 – 2025). While our efforts will continue to be focused on building on our achievements over the last 19 years, our focus will be expanded to include strategies to accomplish the following three primary overarching objectives:

- (i) To promote the economic transformation in the ECCU member countries;
- (ii) To promote wealth creation among the populace in the ECCU member countries; and
- (iii) To build financial capability/literacy of the population in the ECCU member countries.

Source: <https://www.eccb-centralbank.org/news/view/governor-antoine-addresses-the-eccu-media-on-launch-of-fintech-pilot-project> (accessed 28.6.2019) "Governor Antoine Addresses the ECCU Media on Launch of FinTech Pilot Project"

The Commission will be seeking to implement more focused strategies to increase investor participation in the market while also creating a safe regulatory and supervisory environment that would foster the use of FinTech and innovations in the capital market in the ECCU. In keeping with this new strategic focus, the Commission, at its 74th Meeting on 3 September 2019, unanimously agreed to approve an Action Plan presented by the Secretariat, for the implementation of a FinTech Regulatory Sandbox in the ECSM. The objective of this initiative is to assist the ECSRC in ensuring its mandate to protect investors while it works to develop an appropriate legislative and supervisory framework to regulate and supervise market activities and products that utilise FinTech. This regulatory sandbox will allow the ECSRC to be a more proactive and responsive securities regulator by:

- (i) closely monitoring market activities involving FinTech in the ECSM;
- (ii) reducing the number of persons that fall victim to fraud; and
- (iii) mitigating other risks involving these types of activities by implementing appropriate responses to developments in this type of securities business activity as these unfold.

The successful implementation of these strategies hinges on a number of factors, the most critical being the timely enactment of the revised Securities laws in all the ECCU member countries. We are pleased to report that the new laws were passed by the House of Representatives in Antigua and Barbuda on 25 February 2020. In the upcoming financial year, we will continue working assiduously with the relevant authorities in the other seven member countries towards the enactment of the new Securities Bill and Investment Funds Bill.

# Financial Statements



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## INDEPENDENT AUDITOR'S REPORT

### To the Participating Governments of Eastern Caribbean Securities Regulatory Commission

#### Opinion

We have audited the financial statements of **Eastern Caribbean Securities Regulatory Commission** (the "Commission") which comprise the statement of financial position as at March 31, 2020, and the statement of comprehensive income, statement of changes in reserve funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Partners:  
**Antigua**  
Charles Walwyn - Managing Partner  
Robert Wilkinson  
Kathy Davis

**St. Kitts**  
Jefferson Hunte  
Lisa Roberts

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#### Audit | Tax | Advisory

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

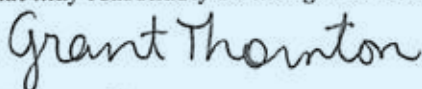
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



**Chartered Accountants**

**October 12, 2020**

**Basseterre, St. Kitts**



## Statement of Financial Position


As at March 31, 2020


(expressed in Eastern Caribbean dollars)

	Notes	2020 \$	2019 \$
<b>Assets</b>			
<b>Current asset</b>			
Receivables and prepayments	5	1,367	1,490
<b>Non-current assets</b>			
Computer and office equipment	6	14,645	21,720
Intangible assets	7	14,633	25,606
<b>Total non-current assets</b>		<b>29,278</b>	<b>47,326</b>
<b>Total assets</b>		<b>30,645</b>	<b>48,816</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accruals and other payables	8	11,036	8,499
Deferred income	9	46,900	63,900
Due to Eastern Caribbean Central Bank	10	198,136	293,022
<b>Total liabilities</b>		<b>256,072</b>	<b>365,421</b>
<b>Accumulated fund</b>			
Accumulated deficit		(225,427)	(316,605)
<b>Total liabilities and accumulated fund</b>		<b>30,645</b>	<b>48,816</b>

The accompanying notes are an integral part of these financial statements.

Approved for issue by the Commissioners on October 12, 2020.

  
**H. E. Arthur G. B. Thomas**  
 Chairman

  
**Lucia Livingston-Andall**  
 Deputy Chairman

## Statement of Comprehensive Income

For the year ended March 31, 2020

(expressed in Eastern Caribbean dollars)

	Notes	2020 \$	2019 \$
<b>Income</b>			
Fee income	11	270,594	186,766
Other income	12	805,171	764,415
		<u>1,075,765</u>	<u>951,181</u>
<b>Expenditures</b>			
Operating expenses	13	(956,539)	(895,132)
Administrative expenses	14	(28,048)	(31,934)
		<u>(984,587)</u>	<u>(927,066)</u>
Profit for the year		91,178	24,115
Other comprehensive income		—	—
<b>Total comprehensive income for the year</b>		<u>91,178</u>	<u>24,115</u>

The accompanying notes are an integral part of these financial statements.

## Statement of Changes in Accumulated Fund

For the year ended March 31, 2020

(expressed in Eastern Caribbean dollars)

	\$
<b>Balance at March 31, 2018</b>	<b>(340,720)</b>
Profit for the year	<u>24,115</u>
<b>Balance at March 31, 2019</b>	<b>(316,605)</b>
Profit for the year	<u>91,178</u>
<b>Balance at March 31, 2020</b>	<b><u>(225,427)</u></b>

The accompanying notes are an integral part of these financial statements.

## Statement of Cash Flows

For the year ended March 31, 2020

(expressed in Eastern Caribbean dollars)

	Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Profit for the year		91,178	24,115
Items not involving the movement of cash:			
Amortisation	7	10,973	13,872
Depreciation	6	7,075	7,075
<b>Cash flows from operations before changes in operating assets and liabilities</b>			
		109,226	45,062
Decrease/(increase) in receivables and prepayments		123	(59)
Increase/(decrease) in accruals and other payables		2,537	(3,000)
(Decrease)/increase in deferred income		(17,000)	13,500
<b>Net cash from operating activities</b>			
		94,886	55,503
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		–	(4,938)
<b>Net cash used in investing activities</b>			
		–	(4,938)
<b>Cash flows used in financing activity</b>			
Decrease in due to Eastern Caribbean Central Bank		(94,886)	(50,565)
<b>Net movement in cash</b>			
		–	–
<b>Cash at beginning of the year</b>			
		–	–
<b>Cash at end of the year</b>			
		–	–

The accompanying notes are an integral part of these financial statements.

## 1 Nature of operations

The Eastern Caribbean Securities Regulatory Commission (“the Commission”) commenced activities on October 19, 2001.

The principal activities of the Commission are as follows:

- a) to license any person engaged in securities business and to monitor and supervise the conduct of such business by a licensee;
- b) to promote investor protection through promotion of the highest standards of professional and other activities within the securities market;
- c) to maintain effective compliance and enforcement programmes supported by adequate statutory powers; and
- d) to promote the growth and development of the capital markets.

The Commission was established by an agreement made on November 24, 2000 among the Governments of Anguilla, Antigua and Barbuda, The Commonwealth of Dominica, Grenada, Montserrat, Saint Christopher and Nevis, Saint Lucia and Saint Vincent and the Grenadines (“the Participating Governments”). Pursuant to the Securities Act, the Commission is a legal body vested with all the powers and characteristics of a body corporate having perpetual succession and common seal.

## 2 Transition from International Financial Reporting Standards (IFRS) to International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs)

### (a) Basis of transition to the IFRS for SMEs

The financial statements of the Commission for the year ended March 31, 2020 have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB).

These are the Commission’s first financial statements prepared in accordance with the IFRS for SMEs. Previously they were prepared in accordance with full IFRS. The Commission has prepared its opening statement of financial position at the date of transition to the IFRS for SMEs, which is April 1, 2019. The measurement bases are fully described in the summary of accounting policies.

There was no impact on the opening retained earnings as of April 1, 2019, the transition date arising from the transition to the IFRS for SMEs.

### (b) Exemptions from full retrospective application

The Commission’s accounting policies presented in note 3 have been applied in preparing the financial statements for the year ended March 31, 2020, the comparative information and the opening statement of financial position as at the date of transition. There were no required adjustments at the date of transition. However, upon transition, the Commission has applied all the mandatory exceptions from full retrospective application. There were no optional exemptions applicable to the Commission on transition.

## 3 Summary of accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below.

### a) Computer and office equipment

Computer and office equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on the straight-line method at rates estimated to write down the cost of such assets to their residual values over their estimated useful lives at the following annual rates:

Computer equipment	33.33%
Office equipment	20.00%

Computer and office equipment are periodically reviewed for impairment. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

### b) Intangible assets

Intangible assets include purchased computer software and development costs incurred on consulting, training, start-up and general development of the Commission. Intangible assets are stated at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortised over the estimated useful life of three (3) years using the straight-line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

### c) Impairment of non-financial assets

At each reporting date, computer and equipment and the intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit or loss.

### d) Accruals and other payables

Accruals and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers on normal credit terms and do not bear interest. Accruals and other payables are classified as current liabilities if payment is due within one year or less or in the normal operating cycle of the business if longer. If not, they are presented as non-current liabilities.

Accruals and other payables are recognised initially at the term return price and subsequently measured at amortised cost using the effective interest method.

### 3 Summary of accounting policies ...continued

#### e) Accumulated fund

Accumulated fund represents the cumulative of current and prior year results of operations as reported in the statement of comprehensive income.

#### f) Revenue recognition

Revenue arises from rendering of services. It is measured at the fair value of consideration received or receivable. The Commission applies the revenue recognition criteria set out below to each separately identifiable component of income.

##### *Fee income*

Fee income comprise of amounts collected from companies licensed by the Commission, review of prospectuses, conduct of workshops and examinations and other services. Revenue is recognised when the fee income is due.

##### *Other income*

Revenue earned from non-routine services and miscellaneous transactions are categorised as other income and recognised on the accrual basis.

#### g) Expenses

Expenses are recognised in the statement of comprehensive income upon utilisation of the service or as incurred.

#### h) Foreign currency translation

##### *(i) Functional and presentation currency*

Items included in the financial statements of the Commission are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Commission's functional and presentation currency is Eastern Caribbean dollars.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency of the Commission, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign currency gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

#### i) Provisions

Provisions are recognised when the Commission has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## Notes to Financial Statements

March 31, 2020

(expressed in Eastern Caribbean dollars)

### 3 Summary of accounting policies ...continued

#### j) Taxation

In accordance with the Eastern Caribbean Securities Regulatory Commission (ECSRC) Agreement, 2000 Article 34 (8) (a), the Commission is exempted from all taxation.

### 4 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements, estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

At year end, there were no estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 5 Receivables and prepayments

	2020 \$	2019 \$
Accounts receivable	41,963	42,022
Less allowance for impairment	(41,963)	(41,963)
Total accounts receivable	–	59
VAT receivable	1,190	1,190
Prepayments	177	241
Total receivables and prepayments	1,367	1,490

The movement in the allowance for impairment of accounts receivable is presented below:

	2020 \$	2019 \$
Balance at beginning of year	41,963	41,963
Provision for the year	–	–
Balance at end of year	41,963	41,963



## Notes to Financial Statements

March 31, 2020

(expressed in Eastern Caribbean dollars)

### 6 Computer and office equipment

	Computer equipment \$	Office equipment \$	Total \$
<b>At March 31, 2018</b>			
Cost	30,853	42,340	73,193
Accumulated depreciation	(30,853)	(13,545)	(44,398)
<b>Closing net book amount</b>	<b>–</b>	<b>28,795</b>	<b>28,795</b>
<b>Year ended March 31, 2019</b>			
Opening net book amount	–	28,795	28,795
Depreciation charge (note 14)	–	(7,075)	(7,075)
<b>Closing book amount</b>	<b>–</b>	<b>21,720</b>	<b>21,270</b>
<b>At March 31, 2019</b>			
Cost	30,853	42,340	73,193
Accumulated depreciation	(30,853)	(20,620)	(51,473)
<b>Closing net book amount</b>	<b>–</b>	<b>21,720</b>	<b>21,720</b>
<b>Year ended March 31, 2020</b>			
Opening net book amount	–	21,720	21,720
Depreciation charge (note 14)	–	(7,075)	(7,075)
<b>Closing book amount</b>	<b>–</b>	<b>14,645</b>	<b>14,645</b>
<b>At March 31, 2020</b>			
Cost	30,853	42,340	73,193
Accumulated depreciation	(30,853)	(27,695)	(58,548)
<b>Closing net book amount</b>	<b>–</b>	<b>14,645</b>	<b>14,645</b>

## Notes to Financial Statements

March 31, 2020

(expressed in Eastern Caribbean dollars)

### 7 Intangible assets

	Development costs \$	Computer software \$	Capital work in progress \$	Total \$
<b>At March 31, 2018</b>				
Cost	238,960	54,335	27,982	321,277
Accumulated amortisation	(238,960)	(47,777)	–	(286,737)
<b>Closing net book amount</b>	<b>–</b>	<b>6,558</b>	<b>27,982</b>	<b>34,540</b>
<b>Year ended March 31, 2019</b>				
Opening net book amount	–	6,558	27,982	34,540
Transfers	–	32,920	(32,920)	–
Additions	–	–	4,938	4,938
Amortisation charge (note 14)	–	(13,872)	–	(13,872)
<b>Closing book amount</b>	<b>–</b>	<b>25,606</b>	<b>–</b>	<b>25,606</b>
<b>At March 31, 2019</b>				
Cost	238,960	87,255	–	326,215
Accumulated amortisation	(238,960)	(61,649)	–	(300,609)
<b>Closing net book amount</b>	<b>–</b>	<b>25,606</b>	<b>–</b>	<b>25,606</b>
<b>Year ended March 31, 2020</b>				
Opening net book amount	–	25,606	–	25,606
Amortisation charge (note 14)	–	(10,973)	–	(10,973)
<b>Closing book amount</b>	<b>–</b>	<b>14,633</b>	<b>–</b>	<b>14,633</b>
<b>At March 31, 2020</b>				
Cost	238,960	87,255	–	326,215
Accumulated amortisation	(238,960)	(72,622)	–	(311,582)
<b>Closing net book amount</b>	<b>–</b>	<b>14,633</b>	<b>–</b>	<b>14,633</b>

### 8 Accruals and other payables

	2020 \$	2019 \$
Accrued professional fees	10,727	8,191
Other payables	309	309
	<b>11,036</b>	<b>8,500</b>

## Notes to Financial Statements

March 31, 2020

(expressed in Eastern Caribbean dollars)

### 9 Deferred income

	2020 \$	2019 \$
Deferred income	46,900	63,900

Deferred income consists of licence fees for the succeeding financial year ended March 31, 2020 received by the Commission in advance during the current financial year.

### 10 Due to Eastern Caribbean Central Bank(ECCB)

	2020 \$	2019 \$
Due to ECCB	198,136	293,022

The amounts due to the ECCB represent the cumulative amounts owed to the ECCB at the statement of financial position date in respect of operating and administrative expenses and costs paid by the ECCB on behalf of the Commission. This amount is interest-free, unsecured and has no fixed terms of repayment.

### 11 Fee income

	2020 \$	2019 \$
Prospectuses	104,609	60,305
Workshops and examinations	73,169	43,500
Broker licence fee	21,500	20,000
Private placement registration	13,722	–
Registry fee	10,000	4,000
Custodian licence fee	9,000	6,000
Representative licence fee	8,900	9,000
Principal licence fee	8,700	11,000
Collective investment scheme	6,000	10,000
Collective investment scheme management	6,000	6,000
Depositary licence fee	4,000	4,000
Self-regulatory organisation fee	4,000	4,000
Application fee	994	4,800
Examination fees	–	4,111
Advertising filing fee	–	50
	270,594	186,766

## Notes to Financial Statements

March 31, 2020

(expressed in Eastern Caribbean dollars)

### 12 Other income

	2020 \$	2019 \$
Subvention from the ECCB (note 15)	<b>805,171</b>	764,415

Pursuant to Article 24 paragraph d of the Agreement establishing the Eastern Caribbean Securities Regulatory Commission, the Commission's salaries, pension and other staff benefit costs are met by a subvention that is paid by the ECCB on behalf of the Participating Governments.

### 13 Operating expenses

	2020 \$	2019 \$
Salaries, pensions and other staff benefits	<b>805,171</b>	764,415
Commissioners' fees (note 15)	<b>66,000</b>	66,000
Meetings, conferences and workshops	<b>25,229</b>	21,732
Training cost	<b>21,111</b>	2,083
Repairs and maintenance	<b>17,100</b>	2,250
Investor education	<b>9,672</b>	8,199
Commissioners' meetings/seminars	<b>5,103</b>	10,699
Miscellaneous	<b>4,581</b>	2,935
Services	<b>2,012</b>	4,830
Office supplies	<b>560</b>	947
Travel	–	11,042
	<b>956,539</b>	895,132

### 14 Administrative expenses

	2020 \$	2019 \$
Amortisation of intangible assets (note 7)	<b>10,973</b>	13,872
Professional fees	<b>10,000</b>	10,987
Depreciation (note 6)	<b>7,075</b>	7,075
	<b>28,048</b>	31,934

## Notes to Financial Statements

March 31, 2020

(expressed in Eastern Caribbean dollars)

### 15 Related party balances and transactions

Related party relationship exists when one party has the ability to control directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between or among entities under common control, with the reporting enterprise and its key management personnel and commissioners.

#### Related party balance

Amounts due to ECCB are interest-free, unsecured and have no fixed term of repayment (see note 11).

#### Related party transactions

The following transactions were carried out with related parties:

	2020 \$	2019 \$
<b>Other income</b>		
Subvention from the ECCB (note 12)	805,171	764,415
Expenses paid		
Commissioners' fees (note 13)	66,000	66,000

#### Administrative and operational services

The Commission has entered into an agreement with the ECCB which took effect from October 19, 2001. This agreement was renewed on October 19, 2016 and subject to prior termination as provided by the letter of agreement shall continue for a period of five (5) years and is renewable upon the agreement of both parties for such period as they may determine. Under the terms of the letter of agreement, the ECCB has assumed the following responsibilities pursuant to Article 3 of the ECSRC Agreement 2000.

- a) provide the Commission with research and administrative facilities to perform its duties and functions;
- b) provide administrative services and Information Technology systems and services to facilitate the work of the Commission;
- c) make its facilities available to the Commission for hosting of the Commission's meetings; such services to include assistance with making travel arrangements, reserving venues for meetings and any other services necessary for the efficient conduct of such meetings;
- d) from time to time, provide legal and other advisory services to the Commission;
- e) maintain an account to fund the financial operations of the Commission, and provide to the Commission financial assistance in accordance with the budget approved by the Monetary Council for this purpose;
- f) prepare the accounts of the Commission as soon as practicable, or within three (3) months after the end of the financial year, in accordance with Article 27 of the ECSRC Agreement;
- g) ensure that the Secretariat of the Commission is provided with the approved complement of suitably qualified staff to carry out the work of the Commission;
- h) consult with the Chairman of the Commission on matters related to the ECSRC Secretariat staff assignments and/or reassignments;

## Notes to Financial Statements

March 31, 2020

(expressed in Eastern Caribbean dollars)

### 15 Related party balances and transactions ...continued

#### Administrative and operational services ...continued

- i) in carrying out the services specified in the agreement, take into consideration the provisions of the Articles 4 and 6 of the ECSRC Agreement; and
- j) perform such other functions as may be agreed between the ECCB and the Commission from time to time.

The transactions for the year and the related outstanding balance with the ECCB are shown above.

#### Office space

The Commission occupied its office space with ECCB at no cost to the Commission.

### 16 Taxation

In accordance with the ECSRC Agreement, 2000 Article 34 (8) (a), the Commission is exempted from all taxes.

## List Of Reporting Issuers as at 31 March 2020

1<sup>st</sup> National Bank St Lucia Ltd  
Anguilla Electricity Company Ltd  
Anguilla Mortgage Company Ltd  
Antigua Brewery Ltd  
Antigua Commercial Bank Ltd  
Antigua Printing & Publishing Ltd  
Bank of Montserrat Limited  
Bank of Saint Lucia Ltd  
Bank of St Vincent and the Grenadines Ltd  
Cable & Wireless St Kitts & Nevis Ltd  
Carib Brewery (St Kitts & Nevis) Limited  
Dominica Brewery & Beverages Ltd  
Dominica Coconut Products Ltd  
Dominica Electricity Services Limited  
East Caribbean Financial Holding Company Ltd  
Eastern Caribbean Central Securities Depository Limited  
Eastern Caribbean Home Mortgage Bank Ltd  
Eastern Caribbean Securities Exchange Limited  
First Citizens Investment Services Ltd  
FirstCaribbean International Bank Ltd  
Grenada Breweries Limited  
Grenada Co-operative Bank Ltd  
Grenada Electricity Services Ltd  
Grenreal Property Corporation Ltd  
Jonas Browne & Hubbard Limited  
National Bank of Dominica Ltd  
National Investment Company of Anguilla Ltd  
RBTT Bank (SKN) Limited  
RBTT Bank Grenada Ltd  
Republic Bank (Grenada) Ltd  
S L Horsford & Company Ltd  
St Kitts-Nevis-Anguilla National Bank Ltd  
St Kitts-Nevis-Anguilla Trading & Development Company Ltd  
St Lucia Electricity Services Limited  
St Vincent Brewery Limited  
The Bank of Nevis Limited  
Windward and Leeward Breweries Ltd

## List of Licensees as at 31 March 2020

<b>Licensee</b>		
<b>Broker-Dealer</b>	<b>Principal</b>	<b>Representative</b>
<b>Bank of Saint Lucia Ltd</b>	<b>Charles:</b> Cedric <b>Francis:</b> Medford <b>Jean:</b> Lawrence	<b>Lewis:</b> Deesha <b>Simeon:</b> Mervin <b>Kalicharan:</b> Shaiide
<b>Bank of St Vincent and the Grenadines Ltd</b>	<b>Hadley:</b> Laurent <b>Latham:</b> Monifa	<b>John:</b> Patricia <b>Quow:</b> Chez
<b>Citicorp Merchant Bank Ltd</b>	<b>Grell:</b> Stephen	<b>Basdeo:</b> Anderson
<b>Grenada Co-operative Bank Ltd</b>	<b>Logie:</b> Aaron <b>Joseph:</b> Allana	<b>Francis:</b> Kishel <b>Modeste:</b> Laurian
<b>FirstCaribbean International Bank (Barbados) Ltd</b>	<b>Titus:</b> Heather	<b>Mohammed:</b> Nisha
<b>First Citizens Investment Services Ltd</b>	<b>Burch-Smith:</b> Omar <b>Gabriel:</b> Norlann <b>Providence:</b> Temelia	<b>Ferreira:</b> Greg
<b>St Kitts-Nevis-Anguilla National Bank Ltd</b>	<b>Crooke:</b> Petronella <b>Galloway:</b> A. Anthony	<b>Lewis:</b> Angelica <b>Nisbett:</b> Marlene
<b>The Bank of Nevis Ltd</b>	<b>Williams:</b> Monique <b>Claxton:</b> Judy	<b>Pemberton:</b> Nikesia <b>Small:</b> Denicia
<b>Securities Custodian</b>		
Bank of Saint Lucia Ltd		
<b>CIS</b>		
Bank of Nevis Mutual Fund Ltd Sagikor International Balanced Fund		
<b>CIS Management Company</b>		
Bank of Nevis Fund Managers Ltd Sagikor Asset Management (Eastern Caribbean) Ltd		
<b>CIS Custodian</b>		
First Citizens Investment Services Ltd FirstCaribbean International Bank (Barbados) Ltd		

### **Licensee Without Accreditation**

<b>Name of Licensee</b>	<b>Country</b>	<b>Licence Type</b>
Maurice Horne Jr	St Vincent and the Grenadines	Representative Licence

### **Securities Exchange**

Eastern Caribbean Securities Exchange

### **Securities Clearing Agency**

Eastern Caribbean Central Securities Depository



## List of Abbreviations

ACAMS	Association of Anti-Money Laundering Specialists
ACCA	Association of Certified Chartered Accountants
AMLCA	Anti-Money Laundering Certified Associate
AUM	Assets under Management
CARICOM	Caribbean Community
CAMS	Certified Anti-Money Laundering Specialist
CARTAC	Caribbean Regional Technical Assistance Centre
CGSR	Caribbean Group of Securities Regulators
CIS	Collective Investment Scheme
COFAP	Council for Finance and Planning
CPSS	Committee on Payment and Settlement Systems
CSME	CARICOM Single Market and Economy
COVID-19	Coronavirus Disease 2019
ECCB	Eastern Caribbean Central Bank
ECCSD	Eastern Caribbean Central Securities Depository
ECCU	Eastern Caribbean Currency Union
ECSE	Eastern Caribbean Securities Exchange
ECSM	Eastern Caribbean Securities Market
ECSRC	Eastern Caribbean Securities Regulatory Commission
FinTech	Financial Technologies
IADB	Inter-American Development Bank
IMF	International Monetary Fund
IOSCO	International Organisation of Securities Commissions
IFIE	International Forum for Investor Education
MMoU	Multilateral Memorandum of Understanding
PFMI	Principles for Financial Market Infrastructures
RGSM	Regional Government Securities Market
WIW	World Investor Week

**ECSRC**

EASTERN CARIBBEAN  
SECURITIES  
REGULATORY COMMISSION

PROTECTING INVESTORS. BUILDING OUR FUTURE.

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