



ENABLING ENHANCED STAKEHOLDER ENGAGEMENT Through Technology

ANNUAL REPORT 2021

ECSRC
EASTERN CARIBBEAN
SECURITIES
REGULATORY COMMISSION

Enabling Enhanced Stakeholder Engagement through Technology

During the 2021 financial year, in response to market developments, the Commission embarked on a number of initiatives aimed at sensitizing the general public to:

- (i) various types of investment frauds;
- (ii) building investor awareness of the role and functions of the Commission; and
- (iii) the benefits of the ECSRC's work to the population in the ECCU.

The Secretariat oversaw the development of educational videos which have been posted on the ECSRC website and also participated in media interviews aired in some ECCU member countries.

In the second quarter of the financial year, the Secretariat entered into a contract to completely redesign its website. We

received and approved the first rendering of the updated design for the website in the third quarter of the 2021 financial year. We are satisfied that the newly updated website will be more user friendly, provide easier navigation and information that is up-to-date and more relevant to the needs of the general public. The new website will include several new features, including providing an opportunity for persons to sign-up to receive notifications whenever updates are made to the website. The contract will also involve a redesign of the Eastern Caribbean Securities Information Network database, which the Secretariat anticipates will be fully implemented in the 2021/2022 financial year. The ECSIN will continue to serve as a public search facility for information on reporting issuers and an online filing portal for receipt of new applications and other filings from the reporting issuers and other stakeholders, for the Commission's consideration.

Additionally, the Secretariat commenced work on the development of the social media pages and the development of content for upload to the sites. The Commission's new website and social media presence will be officially launched in the 2021/2022 financial year, to coincide with the celebration of the 20th Anniversary of the establishment of the Commission on 19 October 2021.



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.

TABLE OF CONTENTS

Letter	6
Chairman's Message	8
2020/2021 Highlights	10
The Commissioners	11
ECSRC Secretariat	13
Management & Administration Report	14
Legal Compliance and Enforcement	18
Corporation Finance	24
2020/2021 Financial Highlights	27
PRIORITIES: Financial Year 2021/2022	30
Auditors' Letter	32
Statement of Financial Position	35
Statement of Comprehensive Income	36
Statement of Changes in Accumulated Fund	37
Notes to Financial Statements	39
List of Abbreviations	49

30 September 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 2021.

Yours faithfully



His Excellency Ambassador 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
SAINT CHRISTOPHER (St. Kitts) AND NEVIS

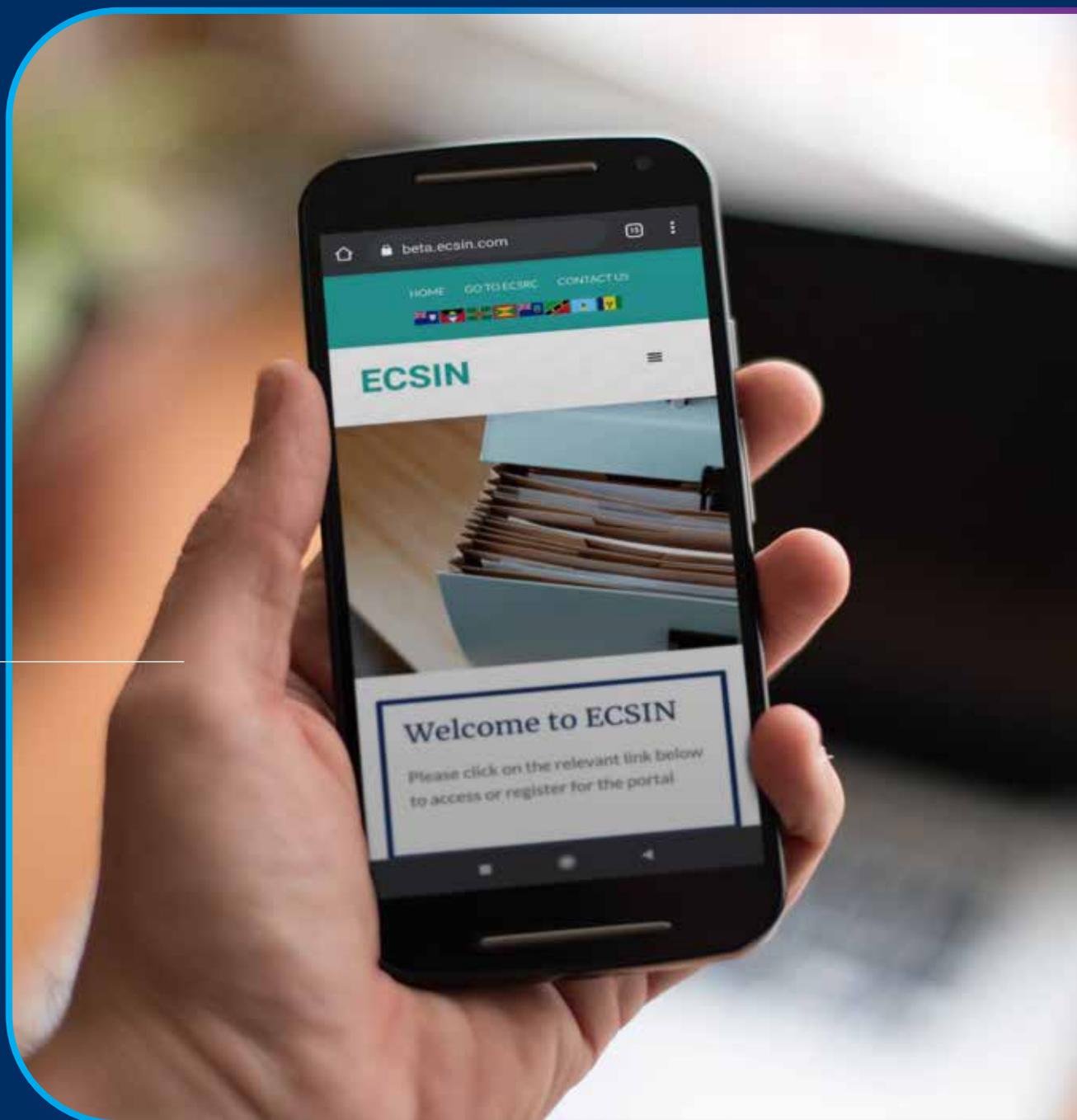
Honourable Roosevelt Skerritt
Prime Minister
COMMONWEALTH OF DOMINICA

Honourable Phillip J Pierre
Prime Minister
SAINT LUCIA

The Hon Gregory Bowen
Minister for Finance
GRENADA

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

Enabling Enhanced Stakeholder Engagement Through Technology

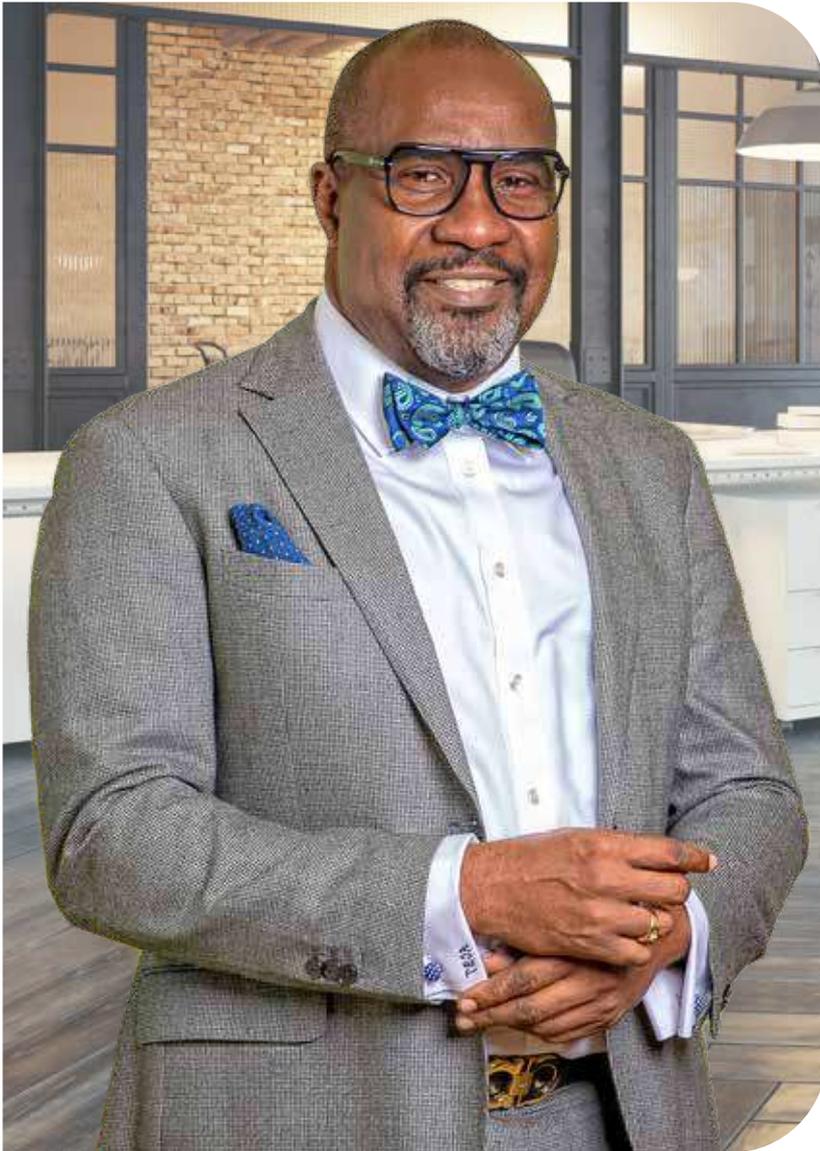


During the 2020/2021 financial year, the ECSRC embarked on a project to upgrade its website and the Commission's public information portal, ECSIN. Once completed, the newly redesigned portal will allow reporting issuers to prepare and upload annual, quarterly and other periodic filings directly to the Commission.

The information portal will also permit online submissions by prospective licensees and issuers of their licence applications and market disclosure documents.

ECSIN also serves as a public search facility whereby investors and the general public can find information on listed companies and registered reporting issuers. ECSIN also provides information on individuals and entities that are licensed and authorised by the Commission to operate in the ECSM.

Chairman's Message



To: Our valued stakeholders and market participants,

It is an honour to present, the ECSRC Annual Report for the financial year ended 31 March 2021.

In the face of the lingering economic, financial and operational challenges occasioned by and exacerbated by the COVID-19, the Commission continued to effectively deliver on its mandate to regulate and supervise the ECSM. The significance of the ECSM as part of the broader financial sector in the ECCU member countries cannot be overstated. Accordingly, the Commission acknowledges the critical importance of protecting the financial integrity of the ECCU capital markets and maintaining and promoting investor confidence in the ECSM.

As our number one priority, the Commission continues to follow the necessary protocols to safeguard and protect the staff of the ECSRC Secretariat and their families. Remote working arrangements for all Secretariat staff, introduced at the end of March 2020, continued throughout the 2021 financial year. On behalf of the Commissioners, I take this opportunity to express our gratitude to the ECSRC Secretariat team for its tenacity and perseverance in continuing to maintain the high standards of service excellence, which is one of the hallmarks of the ECSRC, particularly during this very challenging period.

“

We continue to make commendable progress on a number of critical work programme initiatives. The enactment of the new securities laws is at an advanced stage. We thank the ECCU member governments that have continued to work closely with us and have enacted the new laws in a timely manner.

”

H E Arthur G. B. Thomas
Chairman

We continue to make commendable progress on a number of critical work programme initiatives. The enactment of the new securities laws is at an advanced stage. We thank the ECCU member governments that have continued to work closely with us and have enacted the new laws in a timely manner. However, we also recognize that greater efforts will be required in the upcoming financial year, if the Commission is to accomplish its objective to have the legislation enacted and in force in all the ECCU member countries by the end of the 2021/2022 financial year. We are pleased to report that the revised ECSRC Agreement is now in force in the ECCU member countries.

Work on the Commission's application for IOSCO membership is also well advanced and we anticipate that this will be completed and submitted early in the new financial year. Due to operational and other circumstances beyond our control, we were unable to meet the deadline of 31 March 2021 to complete the application. The Commission reiterates its commitment to obtaining IOSCO membership and to participate as part of this global community of securities market regulators in the very near future. In the meantime, we continue to cooperate and provide assistance to our counterpart regulators as permitted within the parameters of our current legislation.

Efforts to revitalize the ECSM Certification Programme and Examination began to bear fruit during the financial year. The Commission commenced discussions with CISI towards a partnership for the international accreditation of licensees and prospective licensees operating in the ECSM. Additionally, the Commission successfully piloted and implemented an online examination portal to administer the ECSM Certification examination. This has now enhanced the Commission's ability to offer the certification programme to a greater number of persons in the ECCU member countries.

In the area of investor protection, in addition to the approval of a new investor awareness and education programme in March 2020, the Commission took swift action to alert and warn the public in the ECCU about COVID-19 related investment scams. This action appeared to have effectively mitigated and/or reduced the risk to the general public, specifically the most vulnerable groups. We thank our partners in regulation, ECCB and the other financial services regulators and the media houses in the ECCU member countries for their cooperation and collaboration.

During the 2021/2022 financial year, our efforts will be focused on continuing our efforts to build the Commission's visibility and to build awareness in the

general public in the ECCU member countries on the work of the Commission. We anticipate that the launch of the redesigned website and social media pages would assist in achieving this objective.

Finally, I wish to welcome our newest Commissioner, O John Venner, who joined the Commission. Commissioner Venner was appointed by the Monetary Council with effect from 1 August 2020, to replace retiring Chairman, Sir Errol N Allen.

We also welcome, Commissioner, Isaac Anthony, who was reappointed by the Monetary Council for a second three-year term with effect from 1 November 2020.



Let me also congratulate Mrs Lucia Livingston-Andall who was appointed as Deputy Chairman of the Commission effective 1 August 2021. Commissioner Livingston-Andall is the first female Commissioner and Deputy Chairman of the Commission.

We thank all our Commissioners for their unwavering commitment to the work of the Commission and generous service to the people of the ECCU member countries

Handwritten signature of H E Arthur G. B. Thomas in black ink.

H E Arthur G. B. Thomas
Chairman

2020/2021 Highlights



1

Administered questionnaire to assess compliance of financial market infrastructures with CPSS-IOSCO PFMI.

ECSM Licensing Policy for Individuals approved on 25 September 2020.

2



3

Completed first draft of Rules to govern Crowdfunding in the ECSM.

Work commenced on redesign of ECSRC website and ECSIN database.

4



5

ECSRC Investor Awareness and Education Programme approved.

Developed online platform to administer the ECSM certification examination; first cohort sat examination using the online platform in December 2020.

6



7

Commenced discussions with CISI in the United Kingdom for international accreditation of ECSM Certification Program.

ECSRC Commissioners



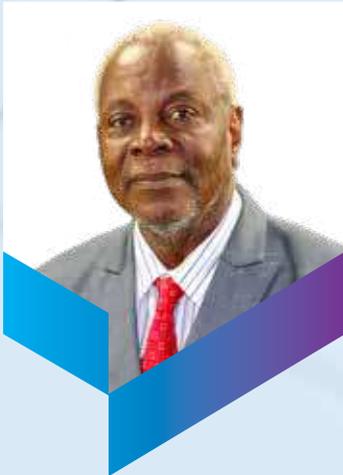
HIS EXCELLENCY ARTHUR G B THOMAS
CHAIRMAN



**MRS LUCIA
LIVINGSTON-ANDALL**
DEPUTY
CHAIRPERSON



**MR ISAAC
ANTHONY**

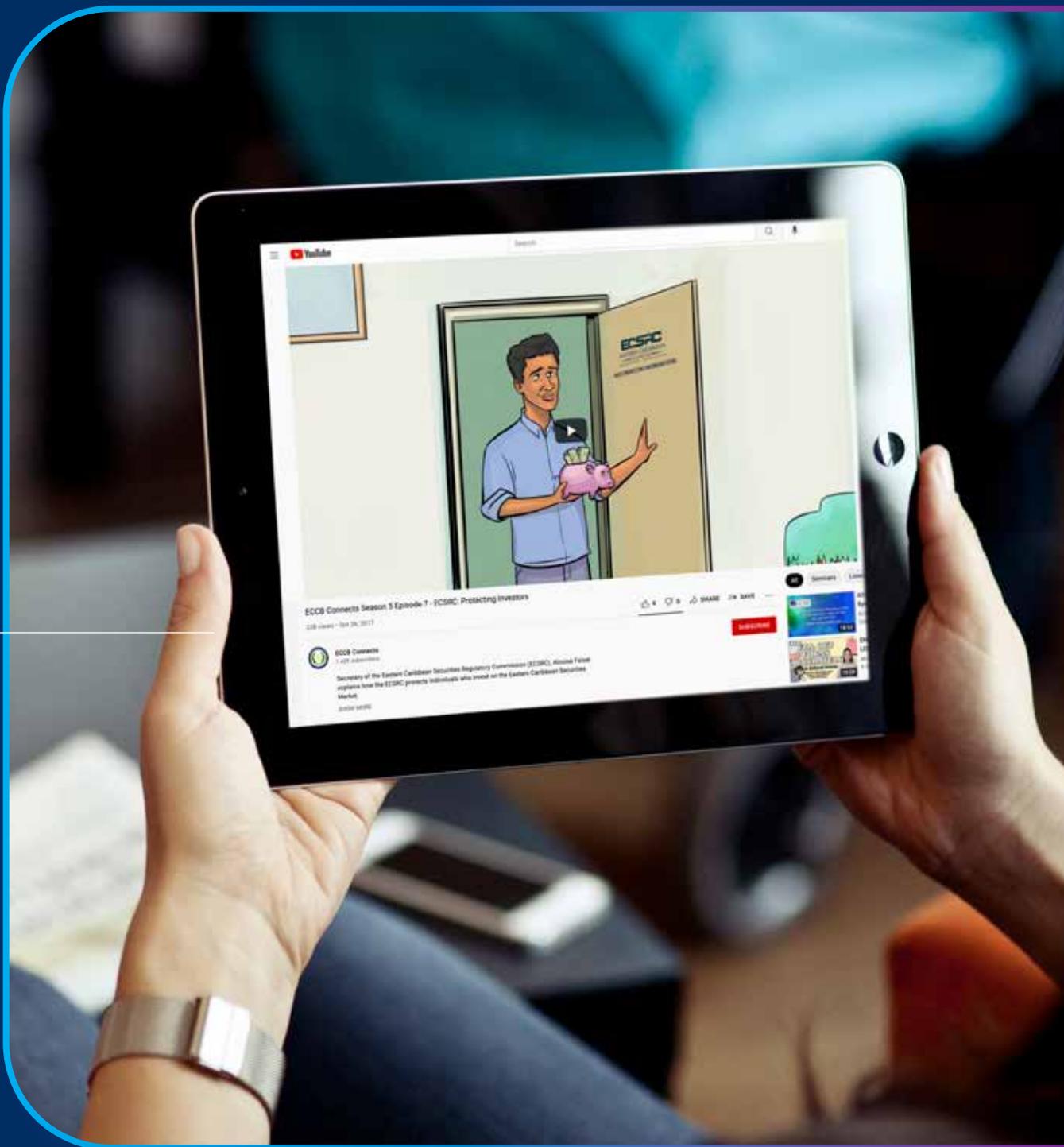


**DR VINCENT
RICHARDS**



**MR JOHN
VENNER**

Enabling Enhanced Stakeholder Engagement Through Technology



During the 2021 financial year the ECSRC developed a number of information videos to inform the general public of the role of the ECSRC and the importance of its work to the populace in the ECCU member countries. Another video on the red flags of investing is intended to provide educational tips to promote safe investing. In this way, the Commission sought to fulfil one of its primary mandates - to promote investor protection through the promotion of the highest standards of professional and other activities within the securities market.

ECSRC Secretariat

1



MANAGEMENT AND ADMINISTRATION

- 1. **ALOUSIA FAISAL**, Secretary
- 2. **VERLINE DAMISSE**, Administrative Officer I

LEGAL, COMPLIANCE AND ENFORCEMENT

- 3. **SUZY ST BRICE**, Legal Officer II
- 4. **JEVILLE JOHN**, Legal Officer I

CORPORATE FINANCE

- 5. **SAMANTHA LEWIS**, Analyst I

MARKET REGULATION AND SURVEILLANCE

- 6. **AVONIS DANIEL**, Analyst I
- 7. **FRANCINE FELICIEN**, Analyst I

2



3



4



5



6



7



Management & Administration Report

Alousia Faisal
Secretary



“

In response to market developments, the Commission embarked on a number of initiatives aimed at sensitizing the general public to various types of investment frauds and building investor awareness of the role and functions of the Commission and the benefits of the ECSRC’s work to the population in the ECCU.

”

During the 2021 financial year, the Secretariat’s activities were focused primarily on public awareness and investor engagement, enhanced supervision, monitoring and surveillance of the market, developing policies to assist the market in responding to the challenges due to the impact of the COVID-19 pandemic and to promote market participation and building capacity of Commissioners and staff.

Public Awareness

In response to market developments, the Commission embarked on a number of initiatives aimed at sensitizing the general public to various types of investment frauds and building investor awareness of the role and functions of the Commission and the benefits of the ECSRC’s work to the population in the ECCU. The Secretariat developed educational videos which have been posted on the ECSRC website and participated in media interviews in some ECCU member countries.

The prevalence of pyramid schemes and multi-marketing campaigns promulgated at the height of the COVID-19 pandemic and targeting a particular religious group as well as other vulnerable persons in several ECCU member countries, prompted the Secretariat to take prompt and decisive action to warn the public against participating in these activities. A general market notice was issued via the media in all the ECCU member countries to warn the public of the prevalence and the perils of pyramid schemes which became prevalent in the member countries as a result of the COVID-19 pandemic.

The Secretariat also collaborated with financial sector regulators and the Financial Intelligence Units to issue specific public warning notices in at least two ECCU member countries. As a result, the Secretariat received and responded to several inquiries and complaints from members of the public who had either been invited to participate in or had fallen victim to one of these schemes. The Commission's response appears to have effectively mitigated and/or eliminated the immediate risk to the public.

Enhancing Investor Engagement

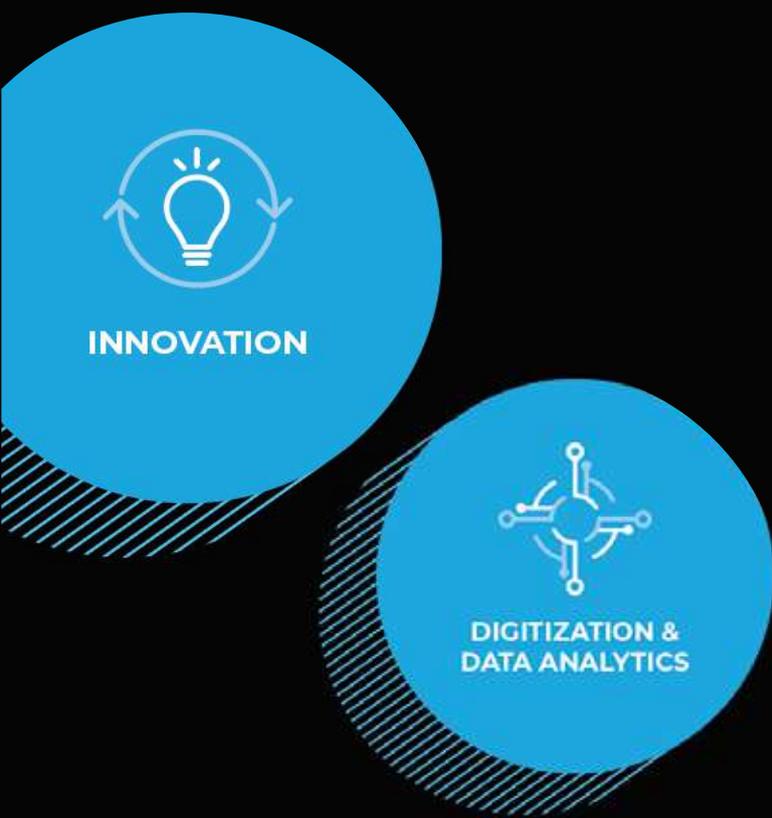
In the second quarter of the financial year, the Secretariat entered into a contract to completely redesign its website. We received and approved the first rendering of the updated design for the website in the third quarter of the financial year.

The Secretariat is satisfied that the newly updated website will be more user friendly, providing easier navigation and information that is up-to-date and more relevant to the needs of the general public. The new website will also include a feature that would allow persons to sign-up to receive notifications whenever updates are made to the website. The contract will also involve a redesign of the ECSIN database, which the Secretariat anticipates will be fully implemented in the new financial year. The ECSIN will continue to serve as a public search facility for information on reporting issuers and an online filing portal for receipt of new applications and other filings from the general public for the Commission's review and consideration.

The Secretariat commenced work on the development of the social media pages and the development of content for upload to the sites. The Commission's new website and social media presence will be officially launched in the 2021/2022 financial year, to celebrate the Commission's 20th Anniversary on 19 October 2021.

Compete Caribbean Project

The investor protection mandate is one of the core functions of the Commission. In this regard, during the financial year ended 31 March 2021, the Commission continued to provide support to an IADB funded project initiated at the request of the Government of Saint Lucia to improve the country's performance on the protecting minority investors indicators in the annual World Bank Annual Ease of Doing Business Survey. Through our participation, the project was expanded to include the other five independent countries in the ECCU. According to the World Bank, the indicator measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The World Bank has announced that it will be discontinuing the report.



Market Supervision and Regulation

The Commission's role in regulating and supervising the ECSM involves setting minimum entry standards and ensuring that these and other prudential requirements, including capital adequacy requirements, are maintained and reflect the risk in the business activities of intermediaries; ensuring the adequacy of compliance and internal controls and the establishment of procedures for handling failure of market intermediaries to minimise loss to investors.

At the 77th Commissioners Meeting held on 26 June 2020, the Commission approved a plan of proposals to revamp the ECSM Certification Programme. The main objective is to align the Commission's market entry standards with global practices, educational frameworks, continuing professional development and the promotion of integrity in the securities market. In September 2020, the Secretariat initiated discussions with CISI as the organization has developed qualifications and licensing requirements for regulators, globally. The discussions focused on the identification of opportunities for collaboration and to understand how the two organisations could work on matters of mutual interest. At the conclusion of the discussions, the Secretariat, early in the 2021/2022 financial year will be entering into a Memorandum of Understanding for the delivery of CISI certifications and training for current and prospective ECSM participants.

As a result of the restrictions imposed by the COVID-19 pandemic, the ECSM Certification Programme which was hosted by the ECSRC and the ECSE in March 2020 had to be aborted. Consequently, the certification examination which was administered manually at various examination centres in the ECCU member countries, had to be deferred. In response, the Secretariat entered into a contract with a web development company to administer the examinations online. The examination application was completed, pilot tested and implemented in December 2020 and January 2021, for candidates participating in the March and November certification programmes. The Secretariat successfully administered the certification examination using the newly developed online examination solution for 4 candidates in December 2020 and 15 candidates on 11 January 2021. Exam proctoring was conducted via Zoom.

As part of its offsite risk-based supervision, the Secretariat monitored and reviewed the compliance and internal controls of the market intermediaries in

the ECSM with the requirements of the Securities Act and its accompanying regulations. The Secretariat continued to review information and respond to updates received from broker-dealers on the implementation of remedial actions from internal and external audit reviews on the operations of these licensees that were requested by the Commission. For the most part, the Commission is satisfied with the progress of licensees in this area as evidenced by the prompt action taken to respond improve internal controls and update and enhance documented policies and procedures.

In the upcoming financial year, the Secretariat will be reviewing initial capital requirements and continuing work on a risk-based capital adequacy framework for inclusion as part of new prudential requirements regulations. These regulations will come into force following the enactment of the new securities laws. The matter of market default procedures will be completed within the context of a broader market crisis management plan, in the new strategic plan.

Market Development Initiatives

Over the financial year, the Commission considered and/or approved a number of policies to respond to the economic impact of the COVID-19 pandemic and also to expand market participation.

The Commission recognises that the increased use of FinTech innovations is not only changing the way securities markets operate but these have also created an important opportunity for SMEs, as it has the potential to expand opportunities and reduce the cost of raising financing. Digital platforms that facilitate crowdfunding offer cheap SME financing options for the ECCU member countries while also providing alternative investment avenues for the populace. Therefore, at its 77th Meeting held on 25 June 2020, the Commission considered the first draft of Rules to govern equity or investment-based Crowdfunding in the ECSM. The Rules were developed within the context of recommendations contained in a World Bank preliminary assessment of the potential of Crowdfunding in the Caribbean. The countries involved in the study were Barbados, Jamaica, Trinidad and Tobago and Saint Lucia. The draft Rules were approved for market consultation and the Secretariat will be embarking on these consultations during 2021.

Regulatory Cooperation

The internationalization of financial activities and globalization of securities market has placed increased emphasis on the need for information sharing and cooperation among regulators. During the financial year, the Secretariat continued to foster and build relationships with our regional and international counterpart regulators. This was evidenced by our prompt response to requests for assistance, participation in meetings and conferences and/or workshops hosted by or involving a number regional and international organisations, including:

- ECCU Regulatory Oversight Committee;
- Eastern Caribbean Payments Council
- Regional Debt Co-ordinating Committee
- IFIE Caribbean Working Group; and
- Toronto Centre Securities Advisory Board.

An important element for regulatory cooperation and information is IOSOC membership and for the ECSRC to become signatories to the IOSCO MMoU. In this regards, work continued assiduously towards the finalization of the Commission's application for IOSCO membership. The Secretariat is hopeful that the completed application would be submitted during the first quarter of the 2021/2022 financial year.

Improving Human Resources and Internal Efficiencies

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 the following:

- ✓ **Virtual 2020 Annual Meeting of US National Securities Administrators Association (NASAA) (September 2020);**
- ✓ **FSI-IOSCO Virtual Conference on Securities Trading Issues and Market Infrastructure (19 – 20 Nov 2020)**
- ✓ **CARTAC sponsored Securities Market Training (26 – 28 Oct and 9 – 11 Nov 2020)**
- ✓ **Disruptive Leadership Conference 2020**
- ✓ **United States Securities and Exchange Commission/Trinidad and Tobago Securities and Exchange Commission Technical Training Program 2020 (19 Oct – 16 Nov 2020).**

The ECSRC thanks the CARTAC for its continuing support through technical assistance and training for the staff of the ECSRC Secretariat and Commissioners.



Legal, Compliance and Enforcement

The Legal, Compliance and Enforcement Division continued to play a pivotal role in advancing the Commission's vision, mission and core values. The team continued to enforce the securities laws to protect investors and maintain the fair and orderly operation of the ECSM. Due to the pandemic there was an increase in fraudulent schemes and internet-based scams, during what became undoubtedly hard economic times. The Commission's response was swift and decisive to dissuade public participation in these schemes. The team also conducted investigations and recommended actions to address illegal market conduct including

unauthorized securities business, suspicious activities and other misconduct.

There was continued focus on the enactment of the draft Securities Bill and ECCU Investment Funds Bill to ensure that the ECSM can be adequately supervised and regulated. One of the most significant accomplishments, over the financial year was the finalization of the Commission's application for IOSCO membership. The Commission expects to submit this application to the IOSCO Secretariat early in the 2021/2022 financial year.



COVID-19 Pandemic and Financial Fraud

Promoting investor confidence in the ECSM and integrity in the capital market involves the absolute protection of investors. The Division took a proactive approach in its attempt to combat the increase in red flagged "opportunities" such as pyramid schemes that gained popularity in some of the ECCU member countries during the financial year. Investigations resulted in several warning notices being issued by the Commission, to raise public awareness of fraudulent investment offerings circulated via the internet and other channels such as social media. These deceptive investment opportunities also included unauthorized Forex Trading, false COVID-19 related investments and Work-

from-Home and Personal Finance schemes.

Our collaboration with the Saint Vincent and the Grenadines Financial Services Authority and the Financial Intelligence Unit and the Financial Services Regulatory Authority of Saint Lucia for example led to the publication of a market advisory in the local media in Saint Vincent and the Grenadines and Saint Lucia advising the general public against participating in such schemes. The Commission adopted a pre-emptive approach to reduce or eliminate the proliferation of these schemes in the future by proactively encouraging the ECCU member governments to develop and enact consumer protection legislation or to take the necessary steps to implement and enforce these laws where they have been enacted, in an effort to protect citizens and residents from various types of financial fraud.

Compliance and Enforcement

On the advice of the legal team, the Commission conducted several investigations into a number of cases of infringement of the securities laws and issued warnings, public advisories and cease and desist orders. These investigations resulted in enforcement actions being instituted. Most notably, against:

- Capital Market Association of the Eastern Caribbean (CMAEC) and Saint Vincent and the Grenadines Exchange Limited (SVGEX) - for misleading information as to the content on the company's website and also purporting to operate as a securities exchange in the Eastern Caribbean without the necessary authorisation from the Commission; and
- a regional financial services company for unauthorized dealing in securities in the ECSM.

The Commission also addressed several reports of investment fraud by foreign companies registered under the International Companies Act (IBC) of some of the ECCU member countries. One such complaint involved an investment fraud in the amount of Euros €122,000.

The Commission remains dedicated to promoting integrity, stability and investor confidence in the securities market. Detection and investigation continues to be integral to our mission and enforcement of the securities law to deter infringement or violations are essential in maintaining confidence in and the integrity of the securities market.

Enhancing the ECSM Legislative Framework

The revised ECSRC Agreement is now in effect. The Instruments of Ratification in support of the Revised ECSRC Agreement were deposited with the Director General of the Organisation of Eastern Caribbean States, marking the final stage to bring the revised Agreement into operation. The Revised Agreement gives support to the provisions of the newly redrafted Securities Bill 2020 and gives the ECSRC enhanced powers in the regulation of the regional market.

The Commission continues to pursue the enactment and commencement of the Securities Bill and the Investment Funds Bill in all ECCU member countries by the last quarter of 2021. The first draft of the Investment Funds Regulations was successfully completed and the Securities Regulations are in the final stages of review. The aim is to have the Securities Regulations and the Investment Funds Regulations completed and available for implementation following the enactment of the primary legislation. As at 31 March 2021, Antigua and Barbuda was the only member country to have passed the new legislation.

IOSCO Membership

During the financial year, there was a substantial commitment of resources to completing the IOSCO High Level Questionnaire for IOSCO membership. Membership affords technical assistance that can benefit the Commission in achieving its capital market development goals and will inform the international community that the jurisdiction possesses high standards of regulatory oversight which instils trust and confidence.

Advice and Opinions

During the financial year, the Division provided legal and compliance advice and opinions to requests for interpretation of the securities laws. Areas of focus for the market notably included licensing of market participants and offers of securities in the ECSM. Given the development the increased popularity in digital assets the Commission received an increase in inquiries related to digital securities markets and cryptocurrency exchanges. Other advice was given on the establishment of mutual funds, disclosure requirements, hedge funds and private placements.

Improving Minority Investor Protection

On 5 November 2020, the Working Group assisting with the Compete Caribbean Project to strengthen minority shareholder rights in Saint Lucia and the other OECS member countries, held final discussions. The objective of the discussions was to highlight the importance of improving the protection of minority shareholders and to enhance corporate governance in Saint Lucia. Over the six weeks of discussions, the Working Group looked at six core Corporate Governance Principles assessed by the World Bank Assessment Team for the Ease of Doing Business Survey. The Principles were discussed under the pillars of Director's Liability, Disclosure, Shareholders Rights, Shareholders

Suits, Ownership and Control and Corporate Transparency. The review by the consultant identified that several corporate governance principles that are recommended by the Inter-American Development Bank, the World Bank and the OECD are not adequately addressed in Saint Lucia's regulatory framework and that of the other OECS member countries.

The review also identified several recommendations that were satisfied by the legislative framework that had not been considered in the World Bank Assessment, causing the countries to lose critical points in the Doing Business Survey.

The Secretariat, in collaboration with the Consultant prepared and submitted correspondence to the World Bank Doing Business Team highlighting these omissions. The communication also requested the correction of the information published in the Doing Business Report and that these changes be reflected in the upcoming report.

While the focus of the review was based on the Companies Act and Securities Act of Saint Lucia, the ultimate objective will be to effect the changes in the laws of all the respective ECCU member countries. This process is ongoing.



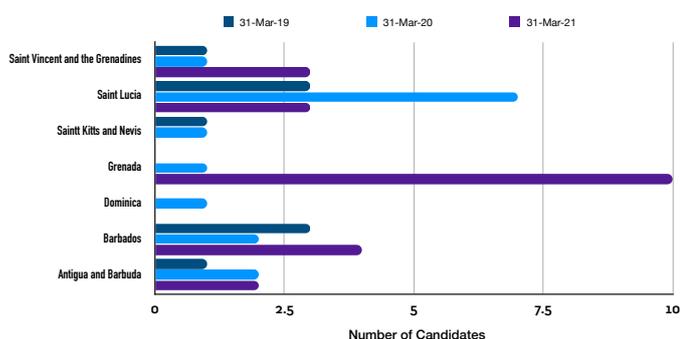
Market Regulation and Surveillance

The Commission continued to facilitate access to the ECSM through the licensing of participants to operate in the ECSM. The Market Regulation and Surveillance division certifies prospective licensees and reviews applications for licenses from prospective market participants, conducts on-site examinations and offsite risk-based supervision of market participants and market surveillance

ECSM Certification Programme

The Commission in collaboration with the ECSE, hosted the 22nd ECSM Certification programme from 2 to 8 December 2020. Candidates who were registered on the 21st ECSM Certification Programme, held in early March 2020 were also invited to register for the examination and participate in the 22nd Certification Programme at no additional cost. The programme in March 2020 was interrupted as a result of the restrictions imposed due to the COVID-19 pandemic.

ECSM Certification Exam Candidates per Territory (2019 - 2021)



Twenty-five candidates registered and participated in the programme and a total of nineteen candidates sat the examination which was administered virtually on 17 December 2020 and 11 January 2021. Twelve persons were successful in the examination; a pass rate of approximately 63 per cent. 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.

Over the three-year period ended 31 March 2021, there has been renewed interest in the ECSM Certification Programme and Examination in the ECCU member countries and the wider-CARICOM, as evidenced by the increased number of individuals registering for the programme and/or to sit the examination. In 2021, twenty-two candidates registered for the certification examination, the highest number of registrations over the three-year period (2019 to 2021). This was led by candidates registered by the Grenada Co-operative Bank Ltd which registered a total of ten candidates. In 2019 and 2020, nine candidates and fifteen candidates, respectively registered for the certification examination.

Prospective candidates can opt to register for the training program and the examination or can sign up to take the examination only via self-study. In 2021, two candidates, domiciled in Barbados, opted for the self-study option and both were successful in the examinations. The Commission has noted consistent registration of candidates from Barbados over the three-year period while there has been no or minimal participation by persons in some of the ECCU member countries.

Over the financial year, with the Commission's approval, the Secretariat continued to review the ECSM Certification Programme to enhance content and delivery to ensure that it satisfies the needs of the market.

Licensing of Market Participants

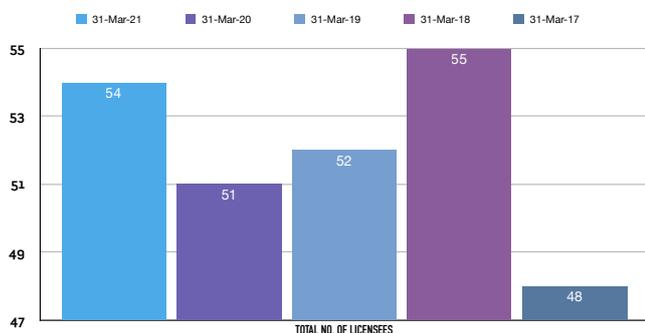
During the period 1 April 2019 to 31 March 2021, the Commission issued four new individual licences: one Investment Adviser, two Representatives, and one Principal licences. The new investment adviser licence was approved on 6 January 2021, the first licence of its type, which was issued by the Commission since the commencement of the market in 2001. This licence authorises the holder to advise persons concerning investment in securities; issue analyses or reports concerning specific securities and offer investment portfolio management services without holding property of the other person.

Also, during the financial year, the Commission witnessed the positive impact of the implementation of the new policy regarding the revocation of individual licences. Under the new policy, which was approved in 2019/2020, the Commission approved the continuation of licences for three licensees. These individuals were formerly employed by licensed intermediaries and have been permitted to continue to hold a licence. However, these licensees are not permitted to operate until they are accredited to a licensed intermediary.

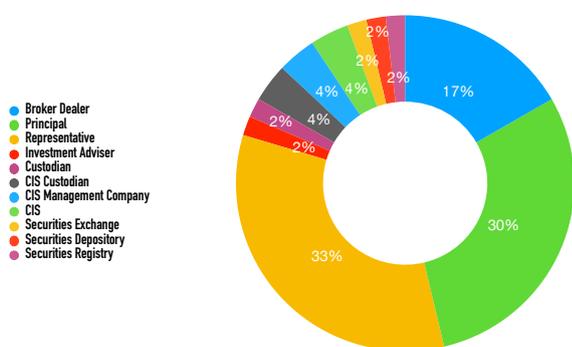
As at 31 March 2021, there were fifty-four licensees

operating within the ECSM. The trend in the number of licences issued by the Commission over the five-year period ended 31 March 2021 and the composition of the Register of Licensees are shown below.

Changes in Number of Licensees as at 31 March 2021



Composition of Register of Licensees as at 31 March 2021

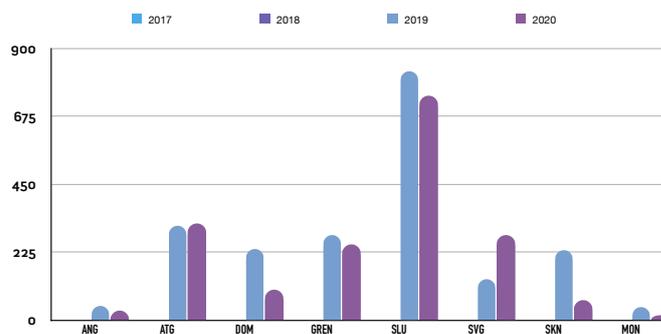


Activities of Licenced Broker-Dealers

The market continued to be dominated by the activities of broker-dealers and their accredited representatives (Registered Representatives and Principals), which form the largest group of licensees operating in the ECSM. Seven of the nine broker-dealers are commercial banks, whose core activities continue to be focused on banking business. Five of these banks originate in the ECCU member countries and two originate from other CARICOM member states.

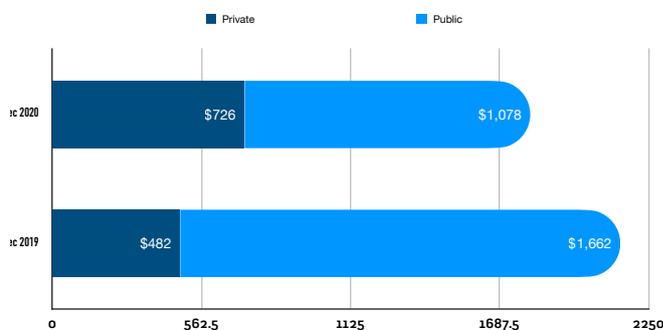
In 2020, securities valued at a total of \$1.815 billion were sold in the ECSM and RGSM combined, a decline of 16.5 per cent over the \$2,115 billion sold in the previous year. The decline in 2020 was led by a decrease in securities sold in six of the eight participating countries, namely: Anguilla, Dominica, Grenada, Saint Lucia, Saint Kitts and Nevis and Montserrat. The only territories reporting an increase in securities sold over the period under review were Antigua and Barbuda and Saint Vincent and the Grenadines.

Value of Securities Sold Per Territory



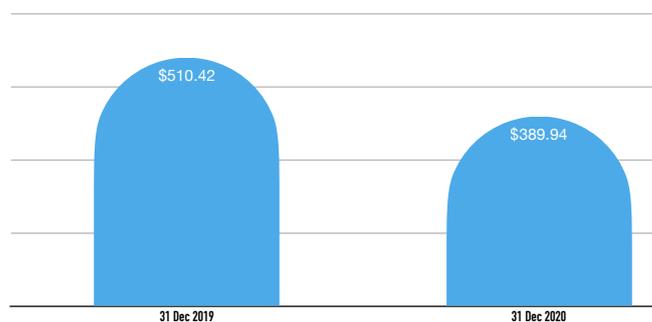
As at 31 December 2020, securities sold via private placement increased significantly by 53 per cent from \$482 million in 2019 to \$737 million. Securities sold via public offer also declined significantly by 35 per cent from \$1.662 billion in 2019 to \$1.078 billion in 2020.

Securities Sold - Private vs Public Offer



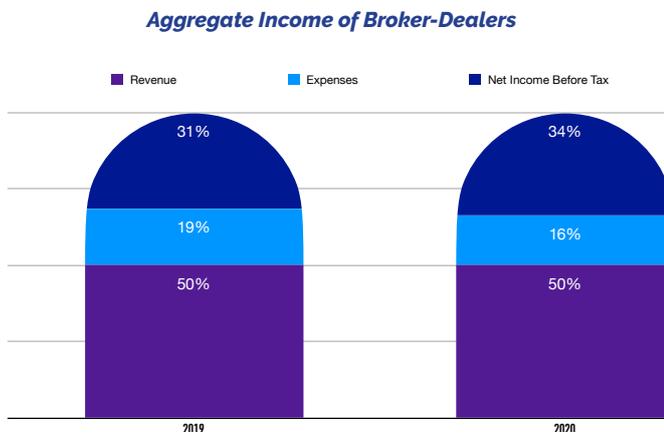
As at 31 December 2020, AUM totalled \$389.94 million, this amount represented a 24 per cent decline over the 2019 performance. Unlike the previous year when five brokerdealers held AUM, in 2020 only two brokerdealers reported under this line of business.

Assets Under Management by Broker-Dealers



Aggregate Income of Broker-Dealers²

The chart below reflects the aggregated revenues, expenses and net income before tax reported by the broker-dealers over the period ended 31 December 2020.



There was a marginal increase of 2 per cent in revenue from \$17.296 million at 31 December 2019 to \$17.654 million at 31 December 2020.

Conversely, aggregated expenses exhibited a significant decline by 11 per cent from \$6.451 million in 2019 to \$5.742 million in 2020. Consequently, net income before tax increased from \$10.845 million in 2019 to \$11.912 million at the end of 2020, an increase of 10 per cent.

Ongoing Supervision of Licensed Intermediaries

The Secretariat continued to monitor the compliance of market participants operating within the ECSM and to enforce the Securities Act and its accompanying regulations in an effort to foster financial integrity in the market. The Secretariat continued to utilize the internal and external audit reviews and annual, quarterly financial reports submitted by licensees as its key offsite supervision monitoring tools. Over the financial year, the Secretariat was engaged in the assessment of responses provided by licensees on the findings of the reports of internal audit reviews of the broker-dealers operating in the ECSM.

²Unless otherwise stated, all figures are in Eastern Caribbean Dollars.





Corporation Finance

Corporation Finance is responsible for the development and promotion of financial reporting and disclosure standards for issuers. This entails the registration of new issuers, review of prospectuses and filings of issuers, review of prospectuses issued on the RGSM in collaboration with the fiscal agent, the ECCB.

Prospectuses Reviewed

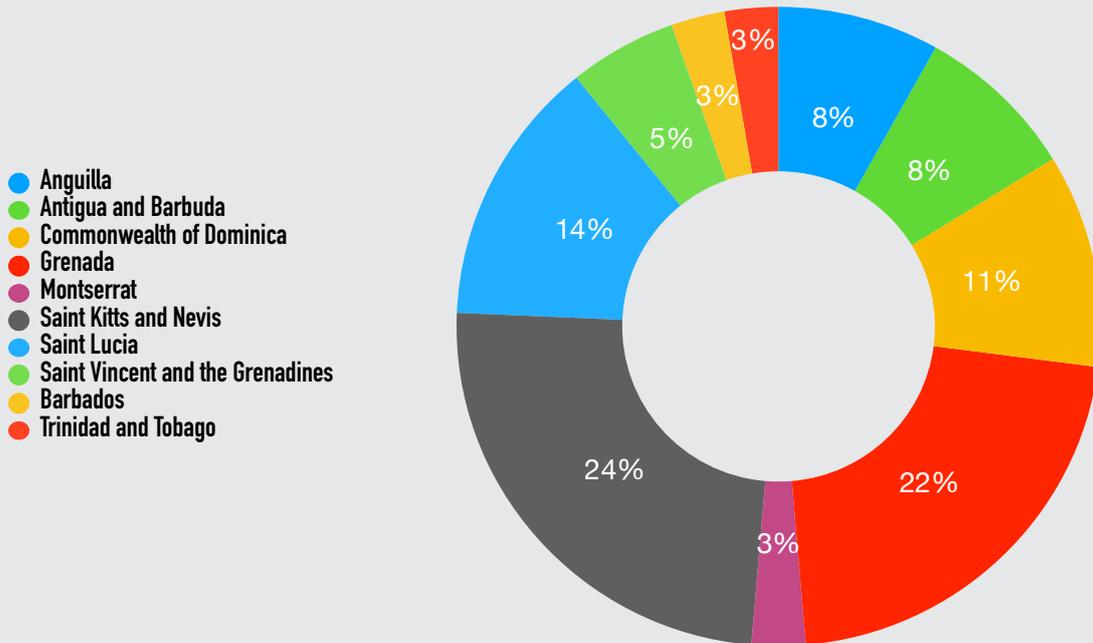
During the financial year ended 31 March 2021, the ECSRC reviewed fourteen prospectuses for offers of securities to be made on the ECSM (8) and the RGSM (6). The total value of prospectuses reviewed, was approximately EC\$1,941 million and US\$126 million.

**TOTAL VALUE OF PROSPECTUSES REVIEWED BY THE ECSRC
FOR OFFERS OF SECURITIES DURING**

	ECSM						RGSM		
	2021		2020		2019		2021	2020	2019
	EC\$M	US\$M	EC\$M	US\$M	EC\$M	US\$M	ECSM		
Public	564	100	1,162	100	792	100	1,052	1,386	1,189
Private	325	26	630	-	15	-	-	350	-
TOTAL	889	126	1,792	100	807	100	1,052	1,736	1,189

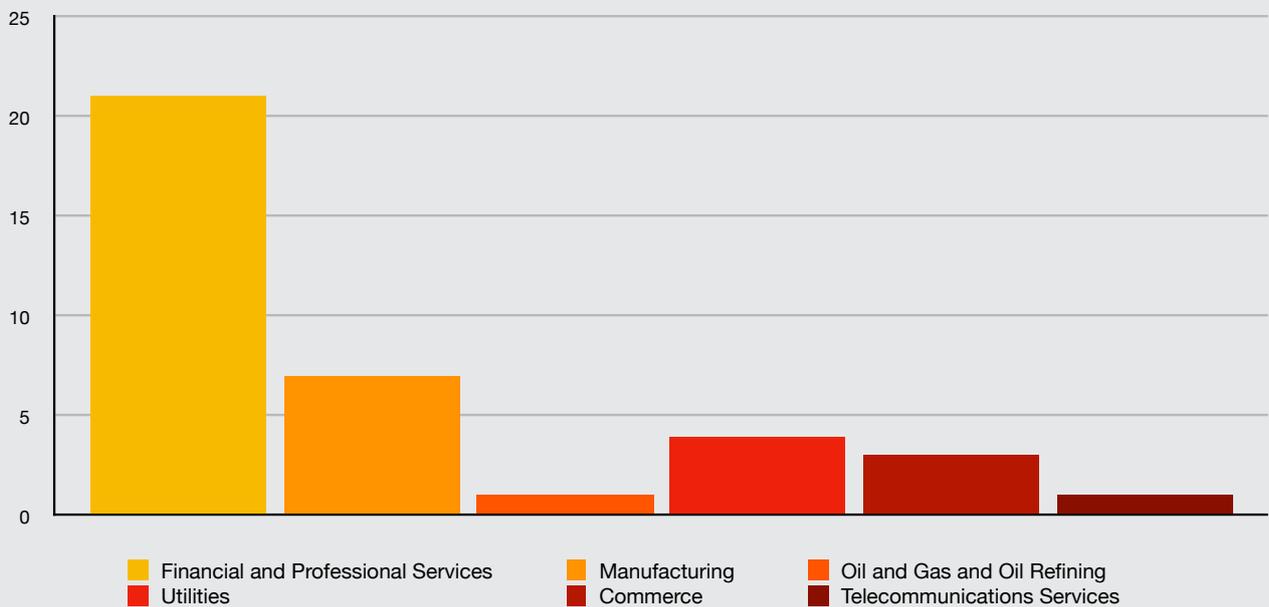
By comparison, during the 2020 financial year, the Commission reviewed 13 prospectuses (ECSM (6) and RGSM (7)), for offers of securities valued at approximately EC\$3,528 million and US\$100 million. The proposed offerings denominated in United States currency in 2021, 2020 and 2019 on the ECSM was associated with a proposed public offer of fixed income paper (Repurchase Agreements) by a licensed broker-dealer.

Reporting Issuers by Country of Incorporation



The decrease in the value of prospectuses reviewed for offers of securities on the ECSM was due to a reduction in the number of offers by corporate entities. During 2020, a number of financial institutions sought to raise funding via the capital markets to strengthen the capital base in accordance with the Banking laws. 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.

Economic Industry of Reporting Issuers



Registered Reporting Issuers

As at 31 March 2021, there were 37 reporting issuers registered with the Commission. Thirty-five of these companies were incorporated in the ECCU member countries with the remaining incorporated in other CARICOM countries (Barbados, Trinidad and Tobago). The highest number (nine) of reporting issuers was domiciled in Saint Kitts and Nevis, followed by Grenada (eight) and Saint Lucia (five). Thirteen of the total number of reporting issuers were listed on the Eastern Caribbean Securities Exchange Ltd with Saint Kitts and Nevis having the highest number (five) of listed companies. The Commission will continue to explore various policy initiatives to encourage increased listings on the stock exchange by public issuers.

Over the financial year, the Secretariat completed the registration of one public issuer in the oil and gas sector, which is domiciled in Antigua and Barbuda. Additionally, one reporting issuer (also domiciled in Antigua and Barbuda) was deregistered, following a change in its incorporation status from public to a private company.

The majority of reporting issuers operated in the financial and professional services sector and beverages manufacturing

Continuing Disclosures by Reporting Issuers

One of the key functions of securities markets is to reduce information costs associated with the assessment of the merits of an investment. The current securities laws stipulate that every issuer of securities that are the subject of a public offer or which are publicly traded, must keep the Commission, members of the issuer, other holders of its securities and the general public informed of any information relating to the issuer and its subsidiaries, that-

(i)

is necessary to enable them and the public to appraise the financial position of the issuer and of its subsidiaries;

(ii)

is necessary to avoid the establishment of a false market in its securities; or

(iii)

might reasonably be expected materially to affect the price of its securities.

The foregoing also includes the submission of periodic information on material changes that occur in the operations of the issuer. These must be submitted to the Commission as soon as practicable or no later than seven days after the change occurs.

Notwithstanding a few serially delinquent companies, the Secretariat is generally satisfied with the overall level of compliance by reporting issuers. However, for some public companies, there is significant room for improvement in both annual and periodic filings with the Commission. The Commission is concerned that in a small number of cases the filing of annual returns and audited financial statements are more than five months overdue with no definitive date for compliance. This situation is untenable particularly where these companies are serially delinquent and are listed on the ECSE, as it has the potential to negatively impact on the fairness, efficiency and transparency in the operations of the market.

In recognition of the challenges posed by the ongoing COVID-19 pandemic, the Commission continues to exercise its discretion to approve requests for extensions of the statutory filing deadlines.

The Commission anticipates that with the enactment of the new securities laws, its enforcement powers would be greatly enhanced to better address this critical issue. The new laws would allow the Commission to take various actions, including the imposition of administrative fines and other penalties for non-compliance with the securities laws.



2020/2021 Financial Highlights



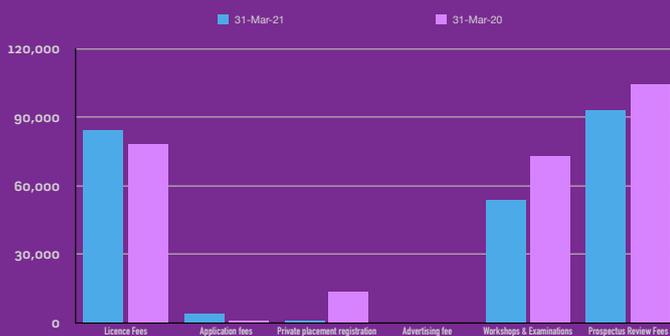
In the face of the economic and other operating challenges brought about by the continuing COVID-19 pandemic, the Commission's financial position remained relatively stable over the financial year ended 31 March 2021. Total income increased over the financial year, but this was moderated by an almost commensurate increase in total expenditure. Overall, the Commission reported an operating surplus of approximately \$59,992, down from the operating surplus of \$91,178 reported over the previous financial year.

renewal fees also increased by 8.26 per cent from \$78,100 in 2020 to \$84,550 in 2021.

Prospectus review fees declined by 11.0 per cent due to a decrease in the number of prospectuses received by the Commission for review for public offers of securities on the ECSM. Workshop and Examination Fees also declined over the financial year due to decrease in the number of candidates registering to participate in the ECSM Certification Programme and Examination.

Licence fees, prospectus review fees and workshop and examination fees accounted for approximately 35.8 per cent, 39.4 per cent, 22.6 per cent, respectively of total fee income.

Changes in ECSRC Fee Income 2020/2021



Fee income reported over the financial year was \$235,970; a 12 per cent decrease over fee income reported for the 2019/2020 financial year. With the exception of licence fees, all other fee income categories decreased over the financial year.

The hosting of two ECSM Certification Programmes and Examinations in the previous financial year, positively impacted the Commission's licence fee income in the 2020/2021 financial year. Income for new licence applications increased to \$3,981 in 2021 compared to \$994 in 2020. Income for new licences and licence

ECSRC Fee Income 2020/2021



The Commission continues its efforts to achieve greater income stability and enhance its operational sustainability. Over the 2021 financial year, the proportion of total fee income representing licence fees increased from 28.9 per cent in 2020 to 35.8 per cent in 2021.

Prospectus review fees remained constant at 39.4 per cent while workshop and examination fees represented 22.6 per cent of total fee income. By comparison, in the 2020 financial year licence fees represented 28.9 per cent and Workshops and examination fees – 27.0 per cent of total fee income.

Other income

Article 25(d) of the ECSRC Agreement 2020 states:

*“The Commission shall be funded by –
... (d) such sums as may be paid to the Commission from time to time, by or on behalf of the Participating Governments, with the approval of the Monetary Council, by way of appropriation or subvention.”*

The ECCB continued to provide financial and operational support to the ECSRC on behalf of the Participating Governments, as per the decision of the Monetary Council. For the 2021 financial year, total subvention received by the Commission increased from \$0.8 million to \$1.1 million. This subvention covers staff salaries and other remuneration for the ECCB staff who are assigned to ECSRC Secretariat.

ECSRC Subvention



The increase in the subvention in 2021 was due to the increase in salaries and other remuneration associated with the addition of two new staff members, acting allowances and other allowances.

Expenses

The Commission continued to manage expenses, given the ongoing economic and financial challenges occasioned by the COVID-19 pandemic. As a result of an increase in Operating Expenses, total expenses increased by 26.1 per cent over the 2021 financial year, compared to an increase by 6.2 per cent compared to the previous financial year ended 31 March 2020. The increase in Operating Expenses was mainly attributed to increases in staff costs and investor education expenses.

√27%

PROSPECTUS
REVIEW FEES

^6.8%

TOTAL FEE INCOME
REPRESENTING
LICENCE FEES

√12%

FEE INCOME

√\$59k

OPERATING SURPLUS

During the 2021 financial year, the Commission financed the development of investor education feature videos and contracted a marketing company to assist with the design and publication of the ECSRC 2020 annual report.

Assets

The Commission's assets comprise mainly computer and office equipment and intangibles which are subject to depreciation over the financial year. As at 31 March 2021, total assets decreased from \$30,645 to \$26,192 as a result of a decrease in computer and office equipment due to depreciation. Intangible assets increased over financial year, associated with the development of the online examination application to administer the theory component of the ECSM Certification Examination.

Liabilities

Total liabilities declined from \$256,072 as at 31 March 2020 to \$192,627 as at 31 March 2021. This decrease was reflected primarily in balance 'Due to ECCB'. This liability has declined consistently over the last six years; moving from approximately \$0.55 million in 2015 to \$0.12 million in 2021.

Commission continued to manage expenses and to benefit from financial support from CARTAC for technical assistance on a number of projects and for training for ECSRC Secretariat staff and Commissioners.

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 critical to fulfilling the Commission's regulatory and supervisory mandates.

Trend in Balance Due to ECCB



Deferred income increased by 40.7% (\$19,100) from \$46,900 in 2020 to \$66,000 in 2021 due to the timely payment of annual renewal fees by licensees. 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 four of the last five financial years. Over the financial year, the



PRIORITIES

Financial Year 2021/2022

The ECSRC 2021/2022 Work Programme will focus on delivering the Commission's core mandate through authorisations, reviews, compliance and enforcement to ensure and maintain a high standard of regulation of the ECSM. We will continue to build on the work started over the last financial period, which was focused on the development and implementation of strategies to promote greater investor participation in the ECSM. Specifically, the Commission's efforts will be focused on completing the improvements to the current ECSM legislative framework. In this regard, we will continue to collaborate with the legislative authorities in the ECCU member countries for the timely enactment and implementation of the new securities laws. The implementation of the new securities legislation is critical not only to the modernization of the ECSM, but will also pave the way for increased investor participation from key demographics within the ECCU member countries as well as in the diaspora.

IOSCO Membership

The Secretariat will submit the Commission's application for Associate membership in IOSCO during the first quarter of the new financial year. This is in

anticipation that once the new securities legislation is in force in the ECCU member countries, the Secretariat will submit the Commission's application for Ordinary membership, which will enable us to sign on to the IOSCO MMoU Concerning Consultation and Cooperation and the Exchange of Information.

Promoting FinTech and Financial Innovation in the ECSM

The ECSRC will continue to embrace and promote financial technologies as an integral part of the development of the ECSM. On 3 September 2019, the Commission approved the establishment of a FinTech regulatory sandbox for the ECSM. During the first quarter of the 2021/2022 financial year, the Secretariat will commence work on various tasks towards the implementation of the FinTech sandbox.

Increasing the level of participation on



**PROMOTE ECONOMIC
TRANSFORMATION**



**PROMOTE WEALTH
CREATION**

the ECSM

The Commission will continue its work on the review of the content and delivery of the ECSM Certification Programme to broaden the scope of the program and to increase participation by a wider-cross section of the populace in the ECCU member countries. It is anticipated that this would encourage persons to register for the examinations in order to be eligible for licenses to participate on the ECSM as Representative, Principal or Investment Adviser. During the first six months of the new financial year, the Commission intends to execute a memorandum of understanding with the Chartered Institute of Securities and Investments in the United Kingdom. This would provide international accreditation for successful ECSM certification candidates and current licensees.

We are also planning to host educational seminars during the new financial year. These seminars will be geared for legal experts, financial journalists and other interested market stakeholders on the regulatory aspects of the operations of the market in light of the pending enactment of the revised Securities Bill and ECCU Investment Funds Bill in the member countries.

Enhancing Operational Efficiencies

The Secretariat will continue to exploit the available technologies to improve its operational efficiency to organize and manage its operations. Work will continue on improvements to the ECSIN database and ECSRC website to ensure that the database and website can continue to satisfy the market.

The Secretariat plans to continue work on the development of operating policies and procedures for the Commission during the 2021/2022 financial year and to improve records management. The latter is now more urgent as the advent of remote working precipitated by the COVID-19 pandemic, has accelerated the volume of electronic communications. Consequently, the Secretariat will continue work on the implementation of an electronic filing system to improve the accessibility of information that should be

made available to the public by the Commission.

Financial Sustainability

In 2021, the Commission will celebrate 20 years since its establishment, there will be renewed efforts to implement initiatives to improve its financial sustainability. The foremost of these is the introduction of a revised fee structure. The current fees being charged by the Commission were introduced in 2001, at the start of the market. We remain hopeful that updated fees would be implemented within the next year or two, once the new Securities Bill is enacted in the ECCU member countries.

Finally, the Commission aims to complete its new five-year Strategic Plan in the upcoming financial year. The new Plan will include strategies to achieve 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.

Conclusion

Investor participation is encouraged if market regulation is perceived to be effective. The Commission's priorities for the 2021/2022 financial year will seek to enhance outreach activities, strengthen the administrative processes of the Commission, implement initiatives to facilitate the development of the regional capital market and to maintain the quality of regulation and supervision of the ECSM to international standards.



TO BUILD FINANCIAL
CAPABILITY/LITERACY



Eastern Caribbean Securities Regulatory Commission

FINANCIAL STATEMENTS

March 31, 2021

(expressed in Eastern Caribbean dollars)





Grant Thornton

Corner Bank Street and West
Independence Square
P.O. Box 1038
Basseterre, St. Kitts
West Indies

T +1 869 466 8200

F +1 869 466 9822

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, 2021, and the statement of comprehensive income, statement of changes in accumulated fund 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, 2021, 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 David

St. Kitts
Jefferson Humle
Lisa Roberts

Audit | Tax | Advisory

Member firms of Grant Thornton International Ltd.
Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered independently by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another are not liable for one another's acts omissions.

grantthornton.kn

Auditor's Responsibilities for the Audit of the Financial Statements

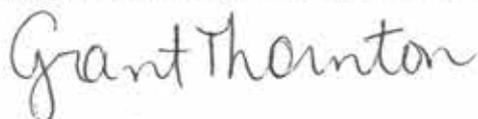
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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
September 24, 2021
Basseterre, St. Kitts

Statement of Financial Position

As at March 31, 2021

(expressed in Eastern Caribbean dollars)

	Notes	2021 \$	2020 \$
Assets			
Current asset			
Receivables and prepayments	5	187	1,367
Non-current assets			
Computer and office equipment	6	7,616	14,645
Intangible assets	7	18,389	14,633
Total non-current assets		26,005	29,278
Total assets		26,192	30,645
Liabilities			
Current liabilities			
Accruals and other payables	8	10,209	11,036
Deferred income	9	66,000	46,900
Due to Eastern Caribbean Central Bank	10	116,418	198,136
Total liabilities		192,627	256,072
Accumulated fund			
Accumulated deficit		(166,435)	(225,427)
Total liabilities and accumulated fund		26,192	30,645

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

Approved for issue by the Commissioners on September 24, 2021.



H.E. Arthur G.B Thomas



Mrs Lucia Livingston-Andall

Eastern Caribbean Securities Regulatory Commission
Statement of Comprehensive Income
 For the year ended March 31, 2021

(expressed in Eastern Caribbean dollars)

	Notes	2021 \$	2020 \$
Income			
Fee income	11	235,970	270,594
Other income	12	<u>1,058,763</u>	<u>805,171</u>
		<u>1,294,733</u>	<u>1,075,765</u>
Expenditures			
Operating expenses	13	(1,206,422)	(956,539)
Administrative expenses	14	<u>(29,319)</u>	<u>(28,048)</u>
		<u>(1,235,741)</u>	<u>(984,587)</u>
Profit for the year		58,992	91,178
Other comprehensive income		<u>—</u>	<u>—</u>
Total comprehensive income for the year		<u>58,992</u>	<u>91,178</u>

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

Eastern Caribbean Securities Regulatory Commission
Statement of Changes in Accumulated Fund
For the year ended March 31, 2021

(expressed in Eastern Caribbean dollars)

	\$
Balance at March 31, 2019	(316,605)
Profit for the year	<u>91,178</u>
Balance at March 31, 2020	(225,427)
Profit for the year	<u>58,992</u>
Balance at March 31, 2021	<u>(166,435)</u>

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

Statement of Changes in Accumulated Fund

For the year ended March 31, 2021

(expressed in Eastern Caribbean dollars)

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Profit for the year		58,992	91,178
Items not involving the movement of cash:			
Amortisation	7	11,394	10,973
Depreciation	6	7,029	7,075
		<hr/>	<hr/>
Cash flows from operations before changes in operating assets and liabilities		77,415	109,226
Decrease in receivables and prepayments		1,180	123
(Decrease)/increase in accruals and other payables		(827)	2,537
Increase/(decrease) in deferred income		19,100	(17,000)
		<hr/>	<hr/>
Net cash from operating activities		96,868	94,886
Cash flows from investing activities			
Purchase of intangible assets	7	(15,150)	–
Cash flows used in financing activity			
Decrease in due to Eastern Caribbean Central Bank		(81,718)	(94,886)
		<hr/>	<hr/>
Net increase in cash		–	–
Cash at beginning of the year		<hr/>	<hr/>
Cash at end of the year		<hr/>	<hr/>

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

(expressed in Eastern Caribbean dollars)

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 Eastern Caribbean Securities Regulatory Commission (ECSRC) Agreement was revised and approved at the 95th Meeting of the ECCB Monetary Council held on February 14, 2020.

On October 20, 2020, the Instruments of Ratification in support of the Revised ECSRC Agreement 2020 were deposited with the Director General of the Organisation of Eastern Caribbean States (OECS), marking the final stage to bring the revised ECSRC Agreement into operation.

The Ratification Instruments were deposited pursuant to Article 38 and 39 of the current ECSRC Agreement. According to Article 38, “Instruments of Ratification shall be deposited with the Director General of the Organisation of Eastern Caribbean States who shall transmit certified copies to each Participating Government”. Article 39 further provides that “this Agreement [the Revised ECSRC Agreement] shall enter into force upon the deposit of five Instruments of Ratification and Participating Governments undertake to take all steps necessary for the implementation of this Agreement.”

2 General information and compliance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)

The financial statements of the Commission for the year ended March 31, 2021, have been prepared in accordance with the IFRS for SMEs issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission’s accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations also significant to the financial statements are disclosed in note 4.

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.

(expressed in Eastern Caribbean dollars)

3 Summary of accounting policies ...continued

a) Computer and office equipment ...continued

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.

e) Accumulated fund

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

(expressed in Eastern Caribbean dollars)

3 Summary of accounting policies ...continued

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.

j) Taxation

In accordance with the ECSRC Agreement 2020 Article 35(9), the Commission is exempted from all taxation.

(expressed in Eastern Caribbean dollars)

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

	2021 \$	2020 \$
Accounts receivable	10	41,963
Less allowance for impairment	–	(41,963)
Total accounts receivable	10	–
Prepayments	177	177
VAT receivable	–	1,190
Total receivables and prepayments	187	1,367

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

	2021 \$	2020 \$
Balance at beginning of year	41,963	41,963
Written-off at beginning of year	(41,963)	–
Balance at end of year	–	41,963

Notes to Financial Statements

March 31, 2021

(expressed in Eastern Caribbean dollars)

6 Computer and office equipment

	Computer equipment \$	Office equipment \$	Total \$
At March 31, 2019			
Cost	30,853	42,340	73,193
Accumulated depreciation	(30,853)	(20,620)	(51,473)
Net book amount	–	21,720	21,720
Year ended March 31, 2020			
Opening net book amount	–	21,720	21,720
Depreciation charge (note 14)	–	(7,075)	(7,075)
Closing book amount	–	14,645	14,645
At March 31, 2020			
Cost	30,853	42,340	73,193
Accumulated depreciation	(30,853)	(27,695)	(58,548)
Net book amount	–	14,645	14,645
Year ended March 31, 2021			
Opening net book amount	–	14,645	14,645
Depreciation charge (note 14)	–	(7,029)	(7,029)
Closing book amount	–	7,616	7,616
At March 31, 2021			
Cost	30,853	42,340	73,193
Accumulated depreciation	(30,853)	(34,724)	(65,577)
Net book amount	–	7,616	7,616

Notes to Financial Statements

March 31, 2021

(expressed in Eastern Caribbean dollars)

7 Intangible assets

	Development costs \$	Computer software \$	Total \$
At March 31, 2019			
Cost	238,960	87,255	326,215
Accumulated amortisation	(238,960)	(61,649)	(300,609)
Net book amount	–	25,606	25,606
Year ended March 31, 2020			
Opening net book amount	–	25,606	25,606
Amortisation charge (note 14)	–	(10,973)	(10,973)
Closing book amount	–	14,633	14,633
At March 31, 2020			
Cost	238,960	87,255	326,215
Accumulated amortisation	(238,960)	(72,622)	(311,582)
Net book amount	–	14,633	14,633
Year ended March 31, 2021			
Opening net book amount	–	14,633	14,633
Additions	–	15,150	15,150
Amortisation charge (note 14)	–	(11,394)	(11,394)
Closing book amount	–	18,389	18,389
At March 31, 2021			
Cost	238,960	102,405	341,365
Accumulated amortisation	(238,960)	(84,016)	(322,976)
Net book amount	–	18,389	18,389

8 Accruals and other payables

	2021 \$	2020 \$
Accrued professional fees	10,000	10,727
Other payables	209	309
	10,209	11,036

Notes to Financial Statements

March 31, 2021

(expressed in Eastern Caribbean dollars)

9 Deferred income

	2021 \$	2020 \$
Deferred income	<u>66,000</u>	<u>46,900</u>

Deferred income consists of licence fees for the subsequent financial year, received in advance by the Commission during the current financial year.

10 Due to Eastern Caribbean Central Bank (ECCB)

	2021 \$	2020 \$
Due to ECCB	<u>116,418</u>	<u>198,136</u>

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

	2021 \$	2020 \$
Prospectuses	93,025	104,609
Workshops and examinations	53,364	73,169
Broker licence fee	20,000	21,500
Representative licence fee	9,000	8,900
Collective investment scheme	9,000	6,000
Principal licence fee	8,000	8,700
Self-regulatory organisation fee	8,000	4,000
Investment adviser license fee	6,550	–
Custodian license fee	6,000	9,000
Collective investment scheme management	6,000	6,000
Depository licence fee	4,000	4,000
Security exchange license fee	4,000	–
Registry fee	4,000	10,000
Application fee	3,981	994
Private placement registration	1,000	13,722
Advertising filing fee	50	–
	<u>235,970</u>	<u>270,594</u>

Notes to Financial Statements

March 31, 2021

(expressed in Eastern Caribbean dollars)

12 Other income

	2021 \$	2020 \$
Subvention from the ECCB (note 15)	1,057,863	805,171
Other income	900	–
	<u>1,058,763</u>	<u>805,171</u>

Pursuant to Article 25(d) of the ECSRC Agreement 2020, 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

	2021 \$	2020 \$
Salaries, pensions, and other staff benefits	1,057,863	805,171
Commissioners' fees (note 15)	66,000	66,000
Investor education	23,550	9,672
Repairs and maintenance	21,006	17,100
Meetings, conferences, and workshops	20,700	25,229
Miscellaneous	5,814	4,581
Services	5,407	2,012
Commissioners' meetings/seminars	5,387	5,103
Office supplies	426	560
Training cost	269	21,111
	<u>1,206,422</u>	<u>956,539</u>

14 Administrative expenses

	2021 \$	2020 \$
Amortisation of intangible assets (note 7)	11,394	10,973
Professional fees	10,821	10,000
Depreciation (note 6)	7,029	7,075
Others	75	–
	<u>29,319</u>	<u>28,048</u>

(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 10).

Related party transactions

The following transactions were carried out with related parties:

	2021 \$	2020 \$
Other income		
Subvention from the ECCB (note 12)	<u>1,057,863</u>	<u>805,171</u>
Expenses paid		
Commissioners' fees (note 13)	<u>66,000</u>	<u>66,000</u>

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.

- 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 28 of the ECSRC Agreement 2020;
- 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;

(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 Letter of Agreement, take into consideration the provisions of the Articles 4 and 6 of the ECSRC Agreement 2020; 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 Article 35(9) of the ECSRC Agreement 2020, the Commission is exempted from all taxes.

List of Abbreviations

AUM	Assets under Management
CARICOM	Caribbean Community
CARTAC	Caribbean Regional Technical Assistance Centre
CGSR	Caribbean Group of Securities Regulators
CIS	Collective Investment Scheme
CISI	Chartered Institute of Securities and Investments
COVID-19	Coronavirus Disease 2019
ECCB	Eastern Caribbean Central Bank
ECCSD	Eastern Caribbean Central Securities Depository
ECCU	Eastern Caribbean Currency Union
ECCU Member Governments/ Participating Governments	Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St Christopher (St Kitts) and Nevis, Saint Lucia, Saint Vincent and the Grenadines.
ECSE	Eastern Caribbean Securities Exchange
ECSIN	Eastern Caribbean Securities Information Network
ECSM	Eastern Caribbean Securities Market
ECSRC	Eastern Caribbean Securities Regulatory Commission
Fintech	Financial Technologies
IADB	Inter-American Development Bank
IOSCO	International Organisation of Securities Commissions
IFIE	International Forum for Investor Education
MMoU	Multilateral Memorandum of Understanding
OECD	Organisation for Economic Cooperation and Development
OECS	Organisation of Eastern Caribbean states
RGSM	Regional Government Securities Market
SME	Small and Medium Enterprises



P O Box 1855
Basseterre
St Kitts and Nevis

Telephone (869) 465-2537 Ext 3279

www.ecsrc.com
Email: info@ecsrconline.org