An aerial night view of a city, likely Singapore, with a complex network of white lines and dots overlaid on the image, representing a digital or financial network. The city lights are visible in the background, and the network lines are prominent in the foreground.

**SAFER,
STRONGER,
WISER**

**...building a robust
securities market.**

ANNUAL REPORT 2022

ECSRC

**EASTERN CARIBBEAN
SECURITIES
REGULATORY COMMISSION**





SAFER, STRONGER, WISER

Building a Robust Securities Market

The ECSRC efforts over the last 20 years have promoted the efficient operation of the Eastern Caribbean Securities Market by developing and enforcing an appropriate regulatory and supervisory framework and other institutional arrangements that have served to build confidence in and to maintain the integrity of the securities market.



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



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 Eastern Caribbean Securities Market.

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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SAFER

In February 2022, the ECSRC attained Associate Membership in the International Organisation of Securities Commissions, a monumental achievement for the Commission and the ECCU member countries. Membership in IOSCO is a testament to the ECSRC's high standards and quality of securities regulation and supervision and its adherence to international standards over the last 20 years.



31 December 2022

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 2022.

Yours faithfully

Lucia Livingston-Andall
Deputy Chairman

Honourable Dr Ellis Lorenzo Webster
Premier
ANGUILLA

Honourable Joseph Easton Farrell
Premier
MONTSERRAT

Honourable Gaston Browne
Prime Minister
ANTIGUA AND BARBUDA

Honourable Dr Terrence M Drew
Prime Minister
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
ST VINCENT AND THE GRENADINES



| CHAIRMAN'S MESSAGE |



H E Arthur G. B. Thomas
CHAIRMAN

During the 2021/2022 financial year, the ECSRC continued to cope with the ongoing economic, financial and operational challenges due to the COVID-19 pandemic and I am pleased to report we achieved a number of significant milestones. These included the attainment of Associate Membership in International Organisation of Securities Commissions (IOSCO), the signing of a Memorandum of Understanding with the Chartered Institute of Securities and Investments (CISI) in the United Kingdom to support the ECSM Certification Programme and the start of an important project to provide access to financing for Micro, Small and Medium Sized Enterprises (MSME) in the ECCU through crowdfunding.

These achievements will serve not only to enhance our current regulatory and supervisory practices and procedures but will also enhance the ECSRC's role as a key market institution and promote the development of the ECSM, as a safe, strong and robust securities market, through increased participation as

investor awareness and market confidence increases.

The achievement of IOSCO membership which came after many years of assiduous work and determination, was extremely significant for the Commission and the market. On behalf of the Commissioners, I commend the Secretariat team, both past and present for its hard work over many years, to accomplish this goal. This effort involved the drafting and amending of the ECSM governing legislation as well as the ECSRC Agreement, which was fundamental to the approval of our application to IOSCO. We now continue the process to ensure that the new securities laws are enacted in all ECCU member countries. The Commission thanks the five member countries that have already passed the new Securities Bill and urges the remaining three ECCU member countries to prioritise the enactment of the new laws to ensure that the ECSM continues to operate in a fair, efficient and transparent manner with up-to-date securities laws.

As part of our ongoing efforts to improve and enhance the current ECSM Certification Programme, which is currently in its 20th year, in May 2021, in a virtual signing ceremony, the ECSRC and the CISI in the United Kingdom signed a partnership agreement to offer a new programme of qualifications aimed to enhance and promote professionalism and professional standards in the ECSM. Our partnership with CISI will bring the best of international standards and combine it with local best practice through the provision of internationally recognized and portable qualifications. CISI qualifications are recognised in over 70 countries around the world and makes CISI's qualifications truly portable for professionals and a recognised benchmark.

We also intend to develop a local training capacity in the ECCU member countries, with the CISI supporting the ECSRC to become a CISI accredited test centre for the region. This will include the



150
ENTREPRENEURS
30%
WOMEN

Will benefit from the ECSRC/ Caribbean Development Bank (CDB) crowdfunding project for the ECSM.



375
STAKEHOLDERS
75
PROSPECTIVE INVESTORS

Will be targeted through various awareness raising and training initiatives as part of the ECSRC/ CDB Crowdfunding Project.

THE ECSRC'S MEMORANDUM OF UNDERSTANDING (MOU) WITH CISI WILL COMBINE LOCAL BEST PRACTICE WITH THE BEST OF INTERNATIONAL STANDARDS IN SECURITIES MARKET CERTIFICATION.

availability of a remote invigilation option for candidates. Through this arrangement, we hope to increase accessibility to securities market training to more persons in the ECCU member countries and to build training capacity to allow the ECSRC to offer the certification examinations online and at greater frequency. In 2020, the Commission successfully implemented an online examination portal to administer the ECSM Certification examination.

As part of its market development mandate and in recognition of the challenges faced by MSMEs in accessing financing and the critical

role these entities play in promoting economic growth and development, the Commission, at its 66th Meeting held on 25 September 2017, took a decision to implement a framework to promote equity-based crowdfunding in the ECCU member countries. In equity based crowdfunding, investors receive equity interest or purchase other types of securities offered by a company which is soliciting capital to fund its operations. Usually these companies are small businesses or start-ups at the early stage of funding. These businesses advertise through a crowd-funding platform website, which also serves as an intermediary between investors and the company. To assist with implementation of this significant project, the ECSRC on 29 November 2021, formally requested funding and technical assistance from the CDB through its Caribbean Technological Consultancy Services (CTCS) network to develop a regulatory sandbox and to implement a framework for crowdfunding in the ECSM. We were notified of the CDB's approval of our application in January 2022.

As part of this approval, the ECSRC entered into a formal Letter of Agreement with the CDB to execute the project entitled “Increasing Access to Finance for Micro, Small, and Medium-Sized Enterprises in the Eastern Caribbean Currency Union through the Development of a Crowdfunding Framework” with funding from the CDB CTCS. The project will be implemented over 18 months and its overarching objective is to create an enabling environment for MSMEs operating in the ECCU member countries to access financing for their operations.

THE PROJECT’S KEY PERFORMANCE INDICATORS INCLUDE:

01

awareness raising for at least 300 stakeholders

02

at least **150 entrepreneurs** trained in crowdfunding and equity investing of which, at least, 30% are women

03

implementation of **crowd funding project** supported by CDB CTCS

04

five **investment advisors** trained in crowdfunding

05

at least two **MSMEs participating** in the regulatory sandbox

I take this opportunity to thank the CDB for its commitment to working with the ECSRC to deliver this project which will benefit the citizens and residents of the ECCU member countries.

On 19 October 2021, the ECSRC celebrated the 20th Anniversary of its establishment under the theme - “Celebrating 20 years of facilitating, protecting and compounding the wealth of ECCU Citizens”. This is symbolic of the enormous contribution that the ECSM and the key market institutions such as the Eastern Caribbean Securities Exchange and the ECSRC has made to the development of the capital market in the ECCU member countries and in the lives of its ordinary citizens and residents. As Chairman of the ECSRC, I was honored to participate and represent the Commission on this momentous occasion for our institution and for the region.



DURING THE UPCOMING FINANCIAL YEAR, THE COMMISSION'S EFFORTS WILL CONTINUE TO BE FOCUSED ON COMPLETING THE WORK COMMENCED DURING THIS FINANCIAL YEAR WHICH ARE AIMED AT MAKING THE ECSM STRONGER, SAFER AND WISER BY:

**1**

enhancing the Commission's visibility through greater use of social media and the Commission's newly redesigned website;

2

improving financial literacy in the ECCU member countries particularly in the areas of securities and investment; and

3

promoting greater participation on the ECSM through the licensing and authorization of diverse market participants and products and the implementation of the CDB CTCS crowdfunding project.

I take this opportunity to congratulate Commissioner Dr Vincent Richards who was reappointed for a new three-year term, effective 5 March 2022. Commissioner Richards has served the Commission with distinction for over 10 years and we thank him for his commitment to serve the people of the ECCU region on the ECSRC.

I also wish to thank all our Commissioners and the staff of the ECSRC Secretariat for their hard work and dedication to executing the ECSRC's mandate in the last financial year to ensure that the ECSM remains a fair, efficient and transparent market for all.

| ECSRC COMMISSIONERS |



**HIS EXCELLENCY AMBASSADOR ARTHUR G. B. THOMAS
CHAIRMAN**



**MRS LUCIA LIVINGSTON-ANDALL
DEPUTY CHAIRPERSON**



MR ISAAC ANTHONY



DR VINCENT RICHARDS PH.D.



MR JOHN VENNER



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STRONGER

It is anticipated that the enactment of the new Securities laws will spur market growth and development and establish a stronger legislative framework for the supervision and regulation of the ECSM.



|ECSRC SECRETARIAT|



ALOUSIA FAISAL
CHIEF EXECUTIVE OFFICER



VERLINE DAMISSE
ADMINISTRATIVE OFFICER



SUZY ST BRICE
SENIOR LEGAL OFFICER



JEVILLE JOHN
LEGAL OFFICER 1



SAMANTHA LEWIS
ANALYST 1



AVONIS DANIEL
ANALYST 1



FRANCINE FELICIEN
ANALYST 1



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ANNUAL REPORT 2022



WISER

The ECSRC's newly redesigned Eastern Caribbean Securities Information Network (ECSIN) database with its new-look website will offer market participants and the general public with access to an online information portal which is intended to provide up-to-date information on all public companies that are registered with the Commission, as well as information on licensees and other market related matters. An informed investor is an empowered investor!

MANAGEMENT & ADMINISTRATION REPORT

Over the 2021/2022 financial year, the ECSRC's efforts continued to be focused on market development initiatives and on activities to promote the strength, safety and soundness of the ECSM.

Governance and Oversight

The ECCB Monetary Council is the highest decision making body of the Commission. The Commission is governed by five Commissioners who are appointed by the ECCB Monetary Council pursuant to Article 12(2) of the ECSRC Agreement, 2020. Persons appointed to serve on the Commission comprise the following:

- a. two Commissioners from persons nominated by the Participating Governments of the ECCU Member Countries;
- b. two Commissioners from 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 Countries; and
- c. one Commissioner nominated by the Eastern Caribbean Central Bank.

Details on the appointments terms and remuneration for the Commissioners are as follows.

Details of Appointment of Commissioners as at 31 March 2022

Name	Nominated by	Profession	Date of Expiry of Term	Total Remuneration for F/Y 31 Mar 2022
H. E. Arthur G.B. Thomas Chairman	Private Sector	Attorney-at-law	Resigned effective 21 Nov 2022	EC\$18,000
Lucia Livingston-Andall Deputy Chairman	Private Sector	Certified Accountant and Management Professional	1 Aug 2025	EC\$12,000
Vincent Richards Phd	Member Governments	Economist and Certified Accountant	5 Mar 2025	EC\$12,000
Isaac Anthony	Member Governments	Certified Accountant CEO, CCRIF SPC	1 Nov 2023	EC\$12,000
John Venner	ECCB	Economist ECCB Retiree	1 Aug 2023	EC\$12,000

Commissioners may opt for reappointment at the expiry of their term of appointment.



“



DURING THE YEAR, THE ECSRC CONTINUED ITS MARKET DEVELOPMENT INITIATIVES AND ITS FOCUS ON ACTIVITIES TO PROMOTE THE STRENGTH, SAFETY AND SOUNDNESS OF THE ECSM.

In accordance with Article 18(1) of the ECSRC Agreement 2020, “meetings of the Commission shall be held as often as may be necessary for the performance of its duties and in any event at least once every quarter, and such meetings shall be held at such places, times and days as the Commission may determine.” The following meetings of the Commission were convened during the financial year ended 31 March 2022.

Meetings of the Commission F/Y 2021/2022

Meeting Number	Date of Meeting
81st Meeting	2 July 2021
82nd Meeting	24 September 2021
83rd Meeting	17 December 2021
84th Meeting	25 March 2022

At these meetings, the Commission considered and decided on a number of policy and operations matters, including the annual budget and work programme of the Commission, received the report on the audit of the Commission’s accounts and approved the audited financial statements, approved the grant and revocation of licences for market participants and reviewed and approved prospectuses for offers of securities on the ECSM.

All meetings were held virtually with 100 per cent attendance rate for Commissioners.

Market Development Initiatives

During the financial year 2021/2022, the Commission undertook a number of initiatives aimed at promoting the development of the ECSM, including:

- (i) approval of draft rules for the implementation of a FinTech Regulatory Sandbox;
- (ii) review of legislative requirements for the authorisation of Collective Investment Schemes; and
- (iii) commenced work on project to implement a framework to facilitate equity-based Crowdfunding.

Investor Awareness and Education

The newly redesigned ECSRC website was unveiled in September 2021. The new website presents up-to-date information on the Commission and allows for easier navigation. The website also includes a number of new features, including an option for visitors to sign up to receive regular updates as these are posted to the website and a media centre to inform of the market notices and press releases as well as events and activities for investors.



100%

Quarterly Commission Meetings Attendance Rate



Approved Rules for Implementation of FinTech Regulatory Sandbox in the ECSM



Reviewed legislative requirements for authorisation of Collective investment schemes to attract these types of investment vehicles into the ECSM.



A newly redesigned ECSIN database was also launched with the new-look website. We anticipate that this online information portal will be fully operational for market participants and available to the general public at large during the next financial year. The ECSIN is intended to provide up-to-date information to investors and the general public on all public companies that are registered with the Commission. It will also serve as a centralized filing portal for the online receipt of company filings, applications and other statutory filings.

Our social media pages on Facebook, YouTube, LinkedIn and Twitter are also operational and we anticipate greater use of these media channels to showcase the work of the Commission in the upcoming financial year, particularly as we celebrated the 20th Anniversary of the Commission on 19th October 2021.

Regulatory Cooperation

The Commission continued to benefit from its membership in the Caribbean Group of Securities Regulators (CGSR) and the Council of Securities Regulators of the Americas (COSRA). As a member of COSRA and CGSR, the Commission not only has access to the shared knowledge and expertise of other regulators in the Caribbean and Latin America, but has opportunities to collaborate with other securities regulators in the adoption of international best practices and standards in securities market

supervision and regulation and to improve cooperation in the regulation of cross-border securities activities. In particular, the Commission has been collaborating with regional regulators on a number of areas including investor education initiatives as a member of the International Forum for Investor Education (IFIE) Caribbean Working Group.

In June 2021, the ECSRC assumed the Chairmanship of the CGSR.

During the financial year, the ECSRC Secretariat team also participated on Committees established by some of the ECCU member governments to prepare for and respond to the Caribbean Financial Action Task Force (CFATF) mutual evaluations of these member countries. The ECSRC also participated on the Caribbean Community (CARICOM) Regional Consolidated Supervision Working Group which comprises representatives from the central banks, Caribbean Association of Insurance Regulators (CAIR) and CGSR.

Building Human Resource Capacity

The ECSRC is committed to the development of its staff and Commissioners, as a well-qualified team is essential to the Commission's ability to deliver on its mandate to regulate and supervise the securities market. During the financial year, staff and Commissioners participated in the following: meetings/seminars/conferences/training programmes.

- ✓ 24th IOSCO Seminar Training Program – “A Critical Examination of Today’s Crypto Space and the Resulting Regulatory Challenges for Securities Regulators”
- ✓ IOSCO/PIFS-Harvard Law School Global Certificate Program for Regulators of Securities Markets – Phase I
- ✓ ECSE Digital Platform Simulations
- ✓ Jamaica Securities Exchange 17th Regional Investments and Capital Markets Conference
- ✓ INSOL International/World Bank/IFC Inaugural Caribbean Round Table on Insolvency
- ✓ World Bank Risk-Based Assessment for AML/CFT Supervision and Monitoring
- ✓ University of Cambridge Centre for Alternative Finance FinTech and Regulatory Innovation Program
- ✓ North American Securities Administrators Association Enforcement Training
- ✓ ECCB Emerging Leaders Training Programme
- ✓ Managing Performance and Leading Remote Teams in Government Training Program
- ✓ Disruptive Leadership Conference
- ✓ Presentation by Financial Services Commission, Jamaica on Repurchase Agreements Market in Jamaica
- ✓ Anguilla Financial Services Commission Virtual FinTech and Compliance Conference



LEGAL, COMPLIANCE & ENFORCEMENT

Overview

During the year, the Legal, Compliance and Enforcement Division continued to provide support on all aspects of the Commission's responsibilities while continuing to build and maintain relationships with foreign regulatory authorities, regionally and internationally. A key aspect of the Division's work is to promote compliance with and enforcement of the securities laws to protect investors and ensure that the ECSM operates in a fair, efficient and transparent manner. To this end, the Division's focus in 2021/2022 was on the enactment of the new Securities Bill, the Investment Funds Bill and the ECSRC Agreement Bill in all the ECCU member countries. It is anticipated that the new legislation will spur market growth and development and establish a stronger legislative framework for the supervision and regulation of the ECSM.

Legal Advice and Support

During the year, the Division supported the Commissioners and the Secretariat on a variety of legal issues and regulatory matters, including providing legal advice and guidance on regulatory and supervisory issues. The Division also assisted market participants and prospective market participants with the interpretation of legislations, regulations and rules.

The introduction of new market participants in operating Collective Investment Schemes increased the number of routine requests for assistance in the interpretation of regulatory requirements relating to CIS/Mutual Funds/Investment Funds. As a result of the increasing prevalence and use of FinTech in financial services, the Commission continued to field inquiries related to Cryptocurrencies, Crypto Assets and Tokenized Securities as well as traditional areas of securities business including Investment Advisory Services, Private Placements, Foreign Investors and Broker Dealer licensing.

Compliance and Enforcement

The Division continues to boldly enforce the securities laws to protect investors on the ECSM by monitoring the market for infringements of and non-compliance with the securities laws and

regulations. Throughout the reporting year the Division investigated breaches of the Securities Act and accompanying regulations and recommended actions to address illegal market conduct including unauthorized securities business, suspicious activity and misconduct by individuals and/or entities. These resulted in several cases of formal enforcement actions by the Commission following an assessment of the seriousness of each breach. In one situation, failure of compliance with previous enforcement actions of the Commission resulted in one company being issued a cease-and-desist letter and requiring the company take such action as the Commission deemed necessary. Further action involved a breach of the Securities (Advertisement) Regulations in the attempt of sale of shares.

Other enforcement actions taken by the Commission during the year included the issuance of warning notices to the market on unlicensed entities and Foreign Exchange Trading and Bitcoin related activities.

Regulatory Cooperation

As securities transactions are not limited to national borders the effective regulation of the securities industry requires the cooperation of securities and other regulators. The Division led the Commission's efforts to establish and maintain relationships with local, regional, and international regulators. The Division aided and advised on requests from overseas regulatory authorities and ensured that requests for assistance from foreign regulators were handled efficiently. Regionally, the Commission worked closely with financial services regulators in Saint Vincent and the Grenadines and the Commonwealth of Dominica to manage several reports of alleged investment fraud by International Business Companies (IBCs) registered in these two member countries. As a result of these activities, the Commission also forged new relationships with securities regulatory authorities in some international jurisdictions.

The Regulatory Framework

In 2017, the Commission commenced the drafting of new securities laws to replace the current Securities Act and Securities Regulations, which were first enacted in the ECCU member countries in 2001. The new legislation would comply with the international standards promulgated by IOSCO and facilitate a more robust securities framework to enable the Commission to more effectively execute its regulatory and supervisory mandate and ensure a safe and robust securities market.

Following the adoption of the revised ECSRC Agreement by the ECCU member countries, the Division focused on the enactment of the Securities Bill and the Investment Funds Bill to ensure that the ECSM can be adequately supervised and regulated. The status of the enactment of the new securities laws in the ECCU member countries as at 31 March 2022, is outlined in the following Table.

Status of Enactment of the New Securities Laws In the ECCU Member Countries as at 31 March 2022

Country	Status	
	Securities Bill	Investment Funds Bill
Anguilla	Not passed	Not passed
Antigua and Barbuda	Enacted in 2020	Enacted in 2020
Dominica	Not passed	Not passed
Grenada	Enacted in 2021	Enacted in 2021
Montserrat	Enacted in 2021	Enacted in 2021
St. Kitts and Nevis	Enacted in 2021	Not passed
Saint Lucia	Not passed	Not passed
Saint Vincent and the Grenadines	Enacted in 2021	Enacted in 2021

In preparation for the commencement of the new securities laws, the Division continued its efforts to complete the draft Securities Regulations and Investment Funds Regulations. It is anticipated that both these regulations would be ready for implementation immediately following the enactment of the new Securities Bill and the Investment Funds Bill by the last quarter of 2022.

In 2021, the Commission advised on Real Estate Investment Trust Regulations (REIT Regulations) proposed by the Government of Antigua and Barbuda and on the Eastern Caribbean Central Bank's draft Payment Systems and Services Bill 2022.

IOSCO Membership

IOSCO is the international standards setter for the securities industry worldwide. IOSCO promotes Principles intended to foster the fair and efficient operation of securities markets and the effective management of systemic risk. The Commission was being assessed for IOSCO membership from 2004 when a request was submitted for consideration for ordinary membership. Effective February 2022, the IOSCO Board accepted the Commission's application to become an Associate Member of IOSCO. This Commission is now a member of the IOSCO Growth and Emerging Markets Committee (IOSCO GEMC). The Commission's Associate Membership and membership of the GEMC are monumental achievements.

The Division was instrumental in the implementation of the Commission's strategic objective of attaining IOSCO Associate membership through its commitment to the update of the securities laws and the completion of the Commission's application for IOSCO membership together with an Action Plan for the signing of the IOSCO MMoU. These actions contributed to the overall success of the Commission's application in 2022.

The Division is now focused on attaining Ordinary Membership to enable the Commission to sign the IOSCO MMoU in late 2022 or early 2023.

The Market Regulation and Surveillance Division of the ECSRC practices **SMART** capital market regulation which will **build** a safe and strong Eastern Caribbean Securities Market. Smart regulation entails promoting best practice standards, efficiency, accountability, and transparency. The objective is to develop an ECSM that is safer, stronger, and built to promote the interests and protection of all its participants.



MARKET REGULATION AND SURVEILLANCE

S**SPECIFIC.**

The conduct of business in the ECSM is guided by the Securities Act, its accompanying regulations and policies and guidelines established by the ECSRC from time to time. These set the standards for regulation and compliance, which are enforced by the ECSRC.

M**MEASURABLE.**

The ECSRC measures the effectiveness of its regulation by consistent interface with licensees, assessing reports, monitoring compliance, engaging potential ECSM market participants, and improving regulatory policies, programmes and tools.

A**ATTAINABLE.**

The ECSRC provides meaningful support to market participants to achieve their investments and compliance needs, and develops and implements policies, plans, programmes and tools practicable to its regulatory function.

R**RELEVANT.**

The ECSRC's regulatory and supervisory efforts in the ECSM strategically align with its values (vision and mission) and long term objectives.

T**TIME-BASED.**

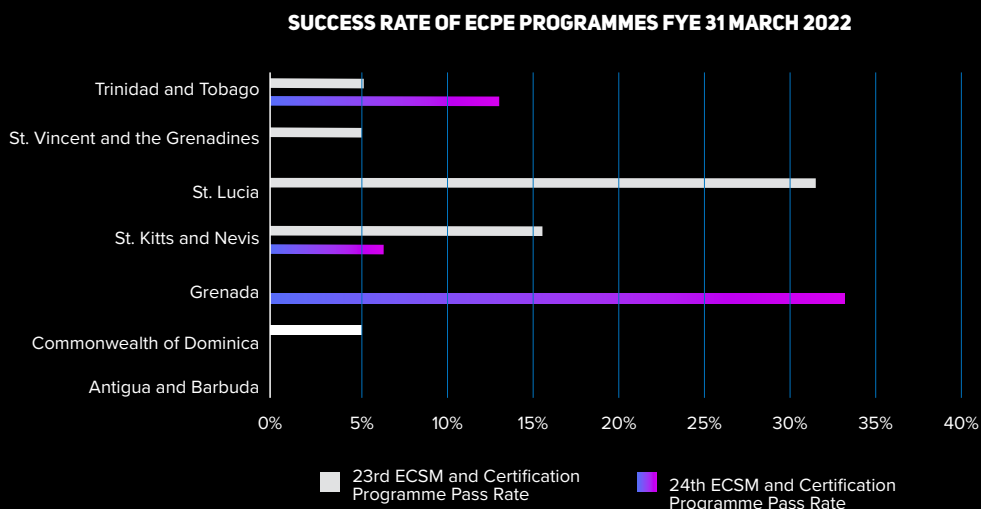
The ECSRC's regulation and supervision is time specific to allow focus on current issues and develop future plans.

ECSM Certification Programme

The Commission in collaboration with the ECSE, hosted two ECSM Certification training workshops during the financial year. There were sixteen registrants for the Commission's 23rd ECSM Certification and Examination Programme ("Programme") held in April 2021. A total of fifteen individuals sat the examination, and eight were successful. The Commission's 24th ECSM Certification and Examination Programme was held in March 2022. A total of twenty-three individuals registered for the 24th Programme, and a total of nineteen individuals sat the examination. Thirteen persons were successful in the Programme 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.

Graph I below captures the success rates of the ECSM Certification and Examination Programmes held over the review period.

Graph I: Performance of ECPE Programmes FYE 31 March 2022



The reported success rate for achieving an overall pass grade of 70% in the ECSM Certification Exam is significant. Over the period the highest participation in the program came from Grenada and Saint Lucia. The highest success rate of 33.33% was attained by participants from Grenada during the 24th ECSM Certification and Examination Programme. The participation numbers fluctuate from time to time but there continues to be a marked interest in participation in the Programme, and ultimately the ECSM.

Licences Granted and Revoked

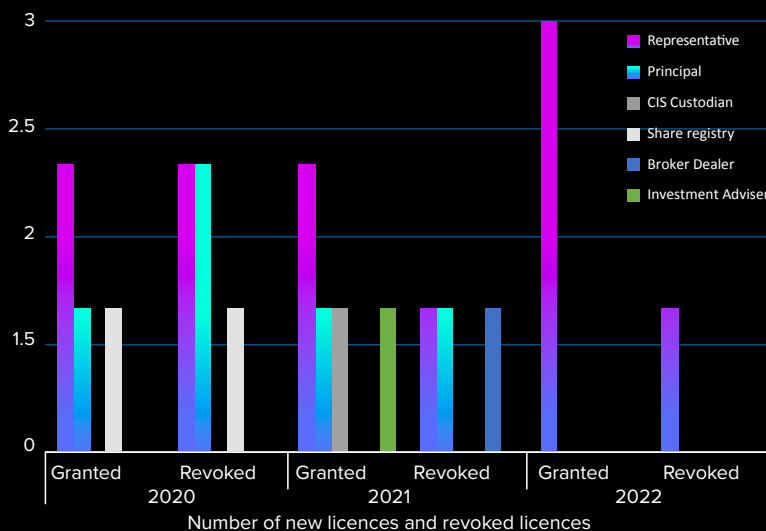
As at 31 March 2022, there were fifty-one licensees operating within the ECSM. The table below provides the specific types of licences which the Commission has issued, and shows the abbreviated composition of the Register of Licensees over the last three years.

Licence Type	31-Mar-22	31-Mar-21	31-Mar-20
Broker Dealer	9	9	10
Principal	15	15	16
Representative	16	17	15
Investment Adviser	1	1	0
Custodian	1	1	1
Collective Investment Scheme Custodian	2	2	2
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
TOTAL	51	52	51



From 1 April 2020 to 31 March 2022 the Commission revoked eighteen licences, and granted a total of twenty-eight new licences: one Investment Adviser, one Broker Dealer, one Securities Registry, two Collective Investment Scheme Custodian, thirteen Representative and ten Principal licences.

GRAPH II: SUMMARY OF THE NEW LICENCES GRANTED, AND THE LICENCES REVOKED FOR THE THREE-YEAR PERIOD ENDING 31 MARCH 2022



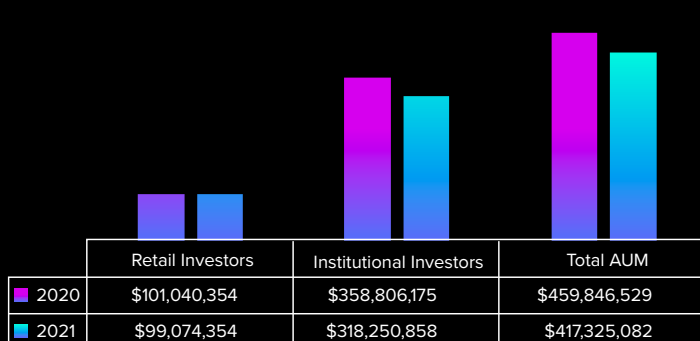
Of the total number of new licences issued over the period, 86% were to individuals. Individuals successful in the ECSM Certification Examination are eligible to apply to the Commission for a licence to operate as Principal, Representative, or Investment Adviser in the ECSM.

The Commission has made modifications to the Programme in an effort to adapt to the needs of the participants and the ECSM. This has resulted in improved overall pass rates for the programme over the last few years. The licensing of individuals and companies is important to building a robust ECSM. Apart from the regulatory requirements, the Commission has established policies and guidelines to ensure that licensees are fit and proper to function in the ECSM. This process is geared towards the protection of investors, and to provide a safer, stronger, and wiser ECSM.

Assets under Management (AUM)

Graph IV compares the total AUM by retail and institutional investors as at 31 December 2020 and 31 December 2021.

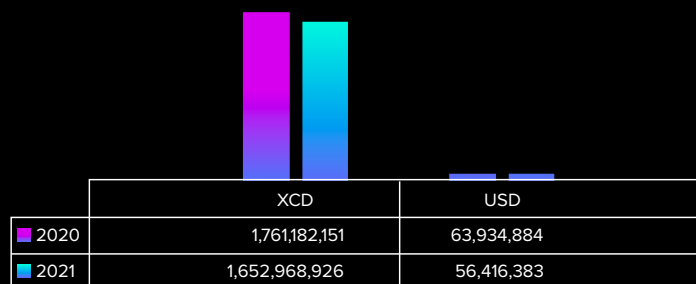
GRAPH IV: TOTAL AUM AS AT 31 DECEMBER 2021 VS 31 DECEMBER 2020



The graph suggests that, not only was there a decline in total AUM at the end of 2021 compared to 2020, but there was also a decline in investments by both investor types. The value of AUM by retail investors declined slightly by 2% from \$101M in 2020 to \$99M in 2021. The value of AUM per institutional investors declined from \$359M in 2020 to \$318M in 2021; this represents an 11% reduction. As a consequence, total AUM in the securities market declined by 9% from \$460M in 2020 to \$417M in 2021.

Securities Transactions – Securities Issued/Underwritten

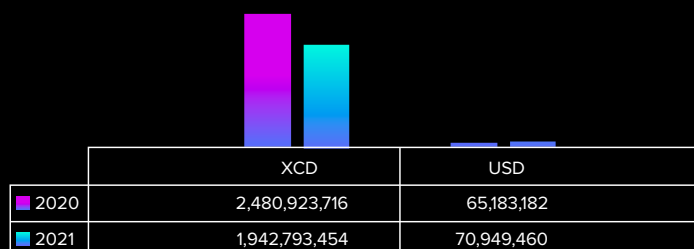
GRAPH V: SECURITIES ISSUED/UNDERWRITTEN – 31 DECEMBER 2021 VS 31 DECEMBER 2020



Graph V illustrates the value of securities issued/underwritten for year ended 31 December 2021 compared to year end 31 December 2020. There was a decline in both USD and XCD denominations from 2020 to 2021. In 2020 the total securities issued/underwritten in the market amounted to XCD 1.9B, this value decreased by 5% to XCD 1.8B in 2021. With respect to XCD denominated securities, there was a 6% decrease from 1.8B in 2020 to 1.7B in 2021. Similarly, for USD denominated securities, there was a 12% decrease from USD\$63M in 2020 to USD\$56M in 2021.

Securities Transactions – Securities Traded

GRAPH VI SECURITIES TRADED IN THE ECSM & RGSM



Graph VI illustrates the performance of Securities traded in the ECSM/RGSM for 2021 compared to 2020. In 2021, a total of XCD 2.1B securities were traded, this was a decrease of 22% over the total value 2.7B of securities traded in 2020. A mixed pattern emerges when this is broken down based on denomination. In terms of XCD securities traded, there was a decline of 24% from 2020 to 2021 from 2.5B to 1.9B. With respect to USD securities there was an increase in the value of securities traded in 2021 by 9% from USD\$65M in 2020 to USD\$71M in 2021.



CORPORATION FINANCE

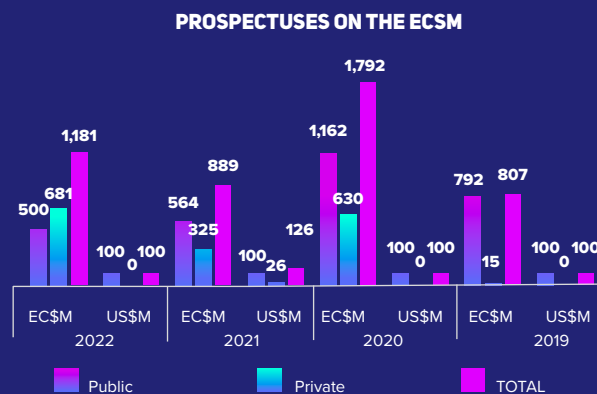
Corporation Finance is responsible for the development and promotion of financial reporting and disclosure standards for issuers. This entails the registration of new issuers, review of prospectuses and filings of issuers, review of prospectuses issued on the Regional Government Securities Market (RGSM)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

Prospectuses Reviewed

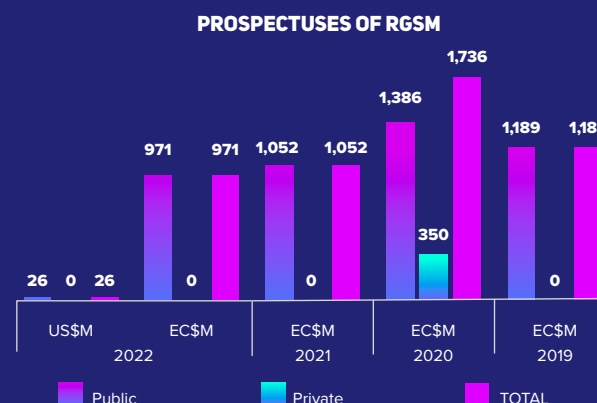
During the financial year ended 31 March 2022, the ECSRC reviewed a total of nine prospectuses, compared to a total of fourteen in the prior year. In 2022, there were four offers on the ECSM and five on the RGSM, while in 2021 there was a total of eight offers on the ECSM and six on the RGSM.

The total value of all prospectuses reviewed, denominated in EC currency was approximately EC\$2,152million in 2022, compared to EC\$1,941 million in 2021, an increase of 10.87%. The total value denominated in US currency in 2022 was \$126 million, which remained flat, in comparison to 2021.

TOTAL VALUE OF PROSPECTUSES REVIEWED FOR OFFERS OF SECURITIES ON ECSM



TOTAL VALUE OF PROSPECTUSES REVIEWED FOR OFFERS OF SECURITIES ON THE RGSM



The 10.87% growth in the total value of issues, stemmed from the increase in the offerings via private placement on the ECSM that were denominated in local currency (XCD) which created additional capacity for investors to augment their portfolio, and simultaneously enhance the capital base for Issuers.

The security 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.

Over the period 2019 to 2022, there was only one public offering denominated in US currency on the RGSM which occurred in 2022.

The private offering of \$26 million denominated in US currency, issued on the ECSM in 2021, has not yet expired, but would appear as a decline when comparing 2022 and 2021.

However, this was offset by a new public Governmental issue on the RGSM of equal amount in 2022. This resulted in the unchanged overall value of US denominated public and private offerings in 2022 and 2021, a total of \$126 million on the ECSM and RGSM combined.

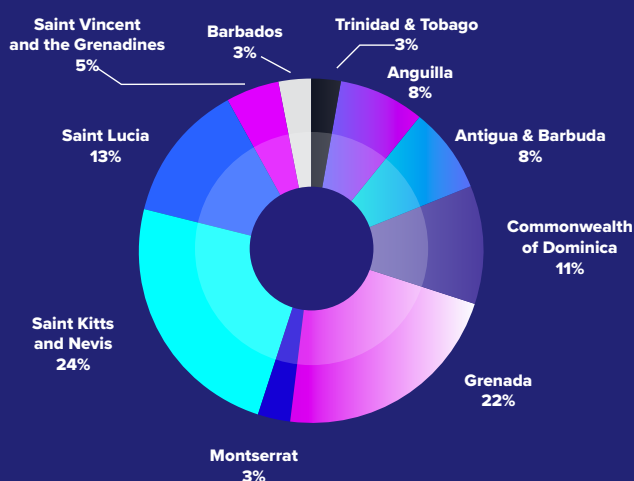
The decrease in the value of offerings on the RGSM results mainly from one Government curtailing the size of its debt issuance, and likewise the increase in the value of private offerings on the ECSM was by one major Reporting Issuer.

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 and equities.

Registered Reporting Issuers

As at 31 March 2022, there were 36 reporting issuers registered with the Commission. Thirty-four of these companies were incorporated in the ECCU member countries with the remaining incorporated in other CARICOM countries (Barbados, Trinidad and Tobago).

REPORTING ISSUERS BY COUNTRY OF INCORPORATION



The highest number (nine) of reporting issuers was domiciled in St 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 St Kitts and Nevis having the highest number (five) of listed companies. Twenty-three reporting issuers are unlisted, of these 18 have issued stock, 3 have issued debt and 2 are the Eastern Caribbean Securities Exchange (ECSE) and its subsidiary both of which are Self-Regulated Organisations (SROs).

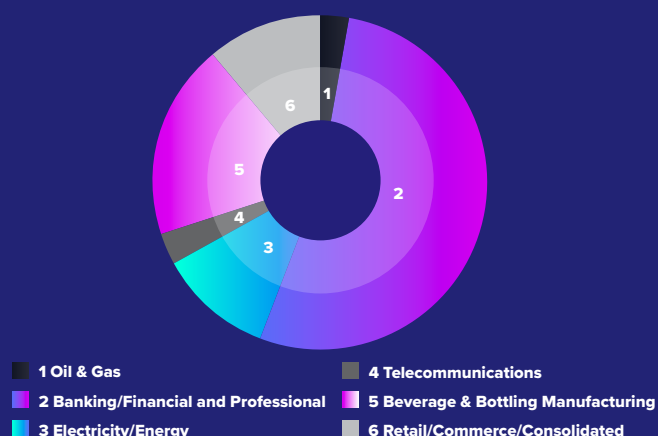
The Commission will continue to explore various policy initiatives to encourage increased listings on the stock exchange by public issuers.

Over the financial year, the Secretariat completed the registration of one debt issuer which is domiciled in Barbados and one equity issuer domiciled in Antigua and Barbuda.

Reporting Issuers' Industry Segments

As at 31 March 2022, the 36 registered Reporting Issuers operated in 6 major industries.

REPORTING ISSUERS PER SECTOR



The Banking/Financial and Professional Services sector has 19 reporting issuers on the ECSM, with both the Telecommunications sector and the oil and gas sectors both having only one each. There are 7 Issuers in the Beverage & Bottling/ Manufacturing Sector, 4 each in the Retail/Commerce/Consolidated and the Electricity/ Energy Sector.

Continuing Disclosures by Reporting Issuers

One of the key functions of securities markets is to reduce information costs associated with investing. The current securities laws stipulate that every issuer of securities that is the subject of a public offer or whose securities 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.

The securities laws mandate the disclosure of pertinent information by reporting issuers within prescribed timeframes. Although most reporting issuers are generally compliant, reporting issuers in the utilities sector, mainly electricity services companies in Grenada, the Commonwealth of Dominica and Saint Lucia hold the best record for compliance.

Sectoral Developments

The following are some of the significant changes reported to the Commission in the operations of reporting issuers during the 2021/2022 financial year.

- (i) *Rebranding of Eastern Caribbean Home Mortgage Bank (ECHMB)*
In October 2021, ECHMB adopted the trading name ECHMB Capital. According to the company, this was synonymous with the Bank's intent to develop the money and capital markets, especially as the demand for the secondary mortgage markets has weakened.
- (ii) *Proposed acquisition of CIBC FirstCaribbean in some ECCU countries*
On 12 October 2021, a consortium of leading banks in the ECCU announced their participation in a definitive agreement to acquire the branches and the banking operations of CIBC FirstCaribbean in Dominica, Grenada, St Kitts and Nevis, and Saint Vincent and the Grenadines. The agreement is subject to regulatory approval from the ECCB.

The four members of the Consortium involved in this proposed acquisition are:

1. The National Bank of Dominica Ltd
2. Grenada Co-operative Bank Ltd
3. St. Kitts-Nevis-Anguilla National Bank Ltd and
4. The Bank of St Vincent and the Grenadines Ltd.

- (iii) *Indirect Change of Majority shareholding in Dominica Electricity Services Ltd*
On 31 March 2022, LPH Caribbean Holdings transferred its entire shareholding in Dominica Power Holding Ltd (DPHL) to the Government of Dominica. DPHL held 51.9% of the voting rights in Dominica Electricity Services Ltd with a shareholding of 5.4 million ordinary shares.

With the introduction and implementation of the new International Financial Reporting Standards (IFRS) for the preparation of accounts, companies' bottom lines were impacted both negatively and positively in terms of the recognition for expected credit losses and the provisions for same, which were to be expensed or recovered based on the relative assessments. Similarly, recognition of fair value gains or losses on sale of financial assets, as well as capital gains or losses through the profit and loss accounts, had significant impacts on profitability. Credit risk therefore, was given more emphasis and priority for most reporting companies.

Additionally, the COVID-19 pandemic, supply chain disruptions, Russia/Ukraine War and other global increases in oil prices impacted the financial performance of reporting issuers. Notwithstanding, liquidity, profitability and capital levels were generally satisfactory.

Notwithstanding a few serially delinquent companies, the Secretariat is generally satisfied with the overall level of compliance by reporting issuers during the financial. However, for some public companies, there is significant room for improvement in both annual and periodic filings with the Commission. In recognition of the challenges posed by the COVID-19 pandemic, the Commission continued to exercise its discretion to approve requests for extensions of the statutory filing deadlines.

Additionally, the Commission also noted the inevitable challenges resulting from mergers and acquisition that significantly hinder the otherwise timely compliance. Such was the case for a number of institutions in the banking/financial services industry, which was exacerbated by other COVID-19 related pressures.

The Commission anticipates that with the enactment of the new securities laws, its enforcement powers would be enhanced as 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.



2021/2022

FINANCIAL HIGHLIGHTS



Over the 2021/2022 financial year, the Commission's main source of revenue continued to be licence and other fees from registrants and market participants. Fees collected over the financial year ended 31 March 2022 totaled approximately \$278,000 compared to \$236,000 over the previous financial year. Fees for the review of prospectuses and registration fees for the hosting of the ECSM workshop and examinations comprised 70.6 % of total fee income. Revenue from these activities had accounted for approximately 62.1 % of the total fees collected over the 2020/2021 financial year.

Operating and Administrative expenses as at 31 March 2022, excluding staff emoluments totaling \$1.1 million which are paid by the ECCB, amounted to \$177,000 compared to \$149,000 as at 31 March 2021.

The ECCB continued to provide financial support to the Commission in accordance with Article 25(d) of the ECSRC Agreement 2020 which 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.”

To date this responsibility is carried out by the ECCB under a formal Letter of Administration which is renewable every five years. The Letter of Administration was renewed for another five-year period in October 2021. Under this Letter of Administration, the functions of the Commission have been outsourced to the ECCB, which currently covers the Commission's staff costs and provides office facilities for its operations.

As the Commission is guided by the standards promulgated by IOSCO for securities market regulation, the successful delivery of its mandate will be evaluated on the implementation of these standards. The Commission's Work Programme for the new financial year will be continue to be focused on:

1. Enhancing capacity of Commissioners and staff
2. Enacting the revised securities legislative framework
3. Developing and implementing a compliance and enforcement program
4. Implementing offsite surveillance programme for licensees
5. Launching ECSIN database
6. Reviewing issuer disclosure standards to include climate-related risk reporting
7. Implementing an investor education program
8. Improving efficiencies of ECSRC Secretariat's operating processes

These are achievable with effective governance, management and administrative structures and an efficient and committed support staff and the appropriate level of resources.

The Commission will continue to promote the growth and development of the ECSM, through the review of applications for licences for prospective market participants and will undertake on-site examinations of market participants, where necessary to assess risks and to further the implementation of a risk-based regulatory framework for licensees.



EASTERN CARIBBEAN SECURITIES REGULATORY COMMISSION

FINANCIAL STATEMENTS

March 31, 2022

(expressed in Eastern Caribbean dollars)

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 West Indies

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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, 2022, 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, 2022, 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.



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
November 11, 2022
Basseterre, St. Kitts



Eastern Caribbean Securities Regulatory Commission

Statement of Financial Position

As at March 31, 2022

(expressed in Eastern Caribbean dollars)

	Notes	2022 \$	2021 \$
Assets			
Current asset			
Cash	5	7,508	–
Receivables and prepayments	6	79,681	187
Total current assets		87,189	187
Non-current assets			
Computer and office equipment	7	1,088	7,616
Intangible assets	8	10,813	18,389
Total non-current assets		11,901	26,005
Total assets		99,090	26,192
Liabilities			
Current liabilities			
Accruals and other payables	9	8,019	10,209
Deferred income	10	102,300	66,000
Due to Eastern Caribbean Central Bank	11	80,107	116,418
Total liabilities		190,426	192,627
Accumulated fund			
Accumulated deficit		(91,336)	(166,435)
Total liabilities and accumulated fund		99,090	26,192

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

Approved for issue by the Commissioners on November 11, 2022.

H. E. Arthur G. B. Thomas
Chairman

Lucia Livingston-Andall
Deputy Chairman



Eastern Caribbean Securities Regulatory Commission

Statement of Comprehensive Income

For the year ended March 31, 2022

(expressed in Eastern Caribbean dollars)

	Notes	2022 \$	2021 \$
Income			
Fee income	12	277,704	235,970
Other income	13	<u>1,100,778</u>	<u>1,058,763</u>
		<u>1,378,482</u>	<u>1,294,733</u>
Expenses			
Operating expenses	14	(1,278,006)	(1,206,422)
Administrative expenses	15	<u>(25,377)</u>	<u>(29,319)</u>
		<u>(1,303,383)</u>	<u>(1,235,741)</u>
Total comprehensive income for the year		<u>75,099</u>	<u>58,992</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, 2022

(expressed in Eastern Caribbean dollars)

	\$
Balance at March 31, 2020	(225,427)
Profit for the year	<u>58,992</u>
Balance at March 31, 2021	(166,435)
Profit for the year	<u>75,099</u>
Balance at March 31, 2022	<u>(91,336)</u>

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



Eastern Caribbean Securities Regulatory Commission

Statement of Cash Flows

For the year ended March 31, 2022

(expressed in Eastern Caribbean dollars)

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Profit for the year		75,099	58,992
Items not involving the movement of cash:			
Amortisation	8	8,849	11,394
Depreciation	7	6,528	7,029
Cash flows from operations before changes in operating assets and liabilities		90,476	77,415
Changes in operating assets and liabilities:			
Change in receivables and prepayments		(79,494)	1,180
Change in accruals and other payables		(2,190)	(827)
Change in deferred income		36,300	19,100
Net cash from operating activities		45,092	96,868
Cash flows from investing activities			
Purchase of intangible assets		(1,273)	(15,150)
Net cash used in investing activities		(1,273)	(15,150)
Cash flows used in financing activity			
Change in due to Eastern Caribbean Central Bank		(36,311)	(81,718)
Net movement in cash and cash equivalents		7,508	–
Cash and cash equivalents at beginning of the year		–	–
Cash and cash equivalents at end of the year		7,508	–

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



Eastern Caribbean Securities Regulatory Commission

Notes to Financial Statements

March 31, 2022

(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 licence 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 Basis of preparation

The financial statements of the Commission for the year ended March 31, 2022 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). They have been prepared under the historical cost convention.

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 judgment in the process of applying the Commission’s accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are 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) Cash

Cash is comprised of demand deposits.

b) 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.



Eastern Caribbean Securities Regulatory Commission

Notes to Financial Statements

March 31, 2022

(expressed in Eastern Caribbean dollars)

3 Summary of accounting policies...continued**b) 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.

c) 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.

d) Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amounts exceed its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

e) 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 transaction price and subsequently measured at amortised cost using the effective interest method.

f) Accumulated fund

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



Eastern Caribbean Securities Regulatory Commission

Notes to Financial Statements

March 31, 2022

(expressed in Eastern Caribbean dollars)

3 Summary of accounting policies...continued**g) 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.

h) Expenses

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

i) 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.

j) 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.

k) Taxation

In accordance with the Eastern Caribbean Securities Regulatory Commission (ECSRC) Agreement, 2000 Article 35 (9), the Commission is exempted from all taxation.



Eastern Caribbean Securities Regulatory Commission

Notes to Financial Statements

March 31, 2022

(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 Cash

Cash is held in interest-free account at JAD Cash, an e-money service.

6 Receivables and prepayments

	2022 \$	2021 \$
Accounts receivable	44,392	41,973
Less allowance for impairment	<u>(41,963)</u>	<u>(41,963)</u>
Total accounts receivable	2,429	10
Prepayments	<u>77,252</u>	<u>177</u>
Total receivables and prepayments	<u>79,681</u>	<u>187</u>

Prepayments in 2022 comprise the International Organisation of Securities Commission (“IOSCO”) membership fees paid in advance.

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

	2022 \$	2021 \$
Balance at beginning of year	41,963	41,963
Provision for the year	<u>–</u>	<u>–</u>
Balance at end of year	<u>41,963</u>	<u>41,963</u>



Eastern Caribbean Securities Regulatory Commission

Notes to Financial Statements

March 31, 2022

(expressed in Eastern Caribbean dollars)

7 Computer and office equipment

	Computer equipment \$	Office equipment \$	Total \$
At March 31, 2020			
Cost	30,853	42,340	73,193
Accumulated depreciation	(30,853)	(27,695)	(58,548)
Closing net book amount	–	14,645	14,645
Year ended March 31, 2021			
Opening net book amount	–	14,645	14,645
Depreciation charge (note 15)	–	(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)
Closing net book amount	–	7,616	7,616
Year ended March 31, 2022			
Opening net book amount	–	7,616	7,616
Depreciation charge (note 15)	–	(6,528)	(6,528)
Closing net book amount	–	1,088	1,088
At March 31, 2022			
Cost	30,853	42,340	73,193
Accumulated depreciation	(30,853)	(41,252)	(72,105)
Closing book amount	–	1,088	1,088



Eastern Caribbean Securities Regulatory Commission

Notes to Financial Statements

March 31, 2022

(expressed in Eastern Caribbean dollars)

8 Intangible assets

	Development costs \$	Computer software \$	Total \$
At March 31, 2020			
Cost	238,960	87,255	326,215
Accumulated amortisation	(238,960)	(72,622)	(311,582)
Closing 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 15)	–	(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)
Closing net book amount	–	18,389	18,389
At March 31, 2022			
Opening net book amount	–	18,389	18,389
Additions	–	1,273	1,273
Amortisation charge (note 15)	–	(8,849)	(8,849)
Closing net book amount	–	10,813	10,813
Year ended March 31, 2022			
Cost	238,960	103,678	342,638
Accumulated amortisation	(238,960)	(92,865)	(331,825)
Closing book amount	–	10,813	10,813

9 Accruals and other payables

	2022 \$	2021 \$
Accrued professional fees	7,000	10,000
Other payables	1,019	209
	8,019	10,209



Eastern Caribbean Securities Regulatory Commission

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(expressed in Eastern Caribbean dollars)

10 Deferred income

Deferred income consists of licence fees for the succeeding financial year ended March 31, 2023 received by the Commission in advance during the current financial year.

11 Due to Eastern Caribbean Central Bank (ECCB)

The amounts due to the Eastern Caribbean Central Bank (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.

12 Fee income

	2022 \$	2021 \$
Prospectuses	132,004	93,025
Workshops and examinations	64,000	53,364
Broker licence fee	18,750	20,000
Representative licence fee	10,700	9,000
Collective investment scheme	9,000	9,000
Principal licence fee	8,200	8,000
Self-regulatory organisation fee	8,000	8,000
Custodian licence fee	6,000	6,000
Collective investment scheme management	6,000	6,000
Application fee	5,000	3,981
Depositary licence fee	4,000	4,000
Securities exchange licence fee	4,000	4,000
Private placement registration	1,000	1,000
Corporate issues registration fee	1,000	–
Advertising filing fee	50	50
Investment adviser licence fee	–	6,550
Registry fee	–	4,000
	277,704	235,970



Eastern Caribbean Securities Regulatory Commission

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13 Other income

	2022 \$	2021 \$
Subvention from the ECCB (note 16)	1,100,778	1,057,863
Miscellaneous Income	–	900
	<u>1,100,778</u>	<u>1,058,763</u>

Pursuant to Article 25 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.

14 Operating expenses

	2022 \$	2021 \$
Salaries, pensions and other staff benefits	1,100,778	1,057,863
Commissioners' fees (note 16)	66,000	66,000
Meetings, conferences and workshops	25,426	20,700
Investor education	24,150	23,550
Repairs and maintenance	15,338	21,006
Training cost	13,748	269
IOSCO membership fee	11,329	–
Services	9,463	5,407
Miscellaneous	5,701	5,779
Commissioners' meetings/seminars	5,670	5,387
Fees and Bank charges	403	35
Office supplies	–	426
	<u>1,278,006</u>	<u>1,206,422</u>

15 Administrative expenses

	2022 \$	2021 \$
Professional fees	10,000	10,821
Amortisation of intangible assets (note 8)	8,849	11,394
Depreciation (note 7)	6,528	7,029
Others	–	75
	<u>25,377</u>	<u>29,319</u>



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Notes to Financial Statements

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(expressed in Eastern Caribbean dollars)

16 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:

	2022 \$	2021 \$
Other income		
Subvention from the ECCB (note 13)	<u>1,100,778</u>	<u>1,057,863</u>
Expenses paid		
Commissioners' fees (note 14)	<u>66,000</u>	<u>66,000</u>

Administrative and operational services

The Commission entered into an agreement with the ECCB which took effect from October 19, 2001. This agreement was renewed on October 19, 2021 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 6 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 28 (2) 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;



Eastern Caribbean Securities Regulatory Commission

Notes to Financial Statements

March 31, 2022

(expressed in Eastern Caribbean dollars)

16 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 Article 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.

17 Taxation

In accordance with the ECSRC Agreement, 2000 Article 35 (9), 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 Investment
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
IOSCO	International Organisation of Securities Commissions
IFIE	International Forum for Investor Education
IFC	International Finance Corporation
ECCU Member Governments/ Participating Governments	Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, Saint Christopher (St Kitts) and Nevis, Saint Lucia, Saint Vincent and the Grenadines.
MMoU	Multilateral Memorandum of Understanding
RGSM	Regional Government Securities Market



**SAFER,
STRONGER,
WISER**

**...building a robust
securities market.**

ANNUAL REPORT 2021