

**Schedule 1**  
**FORM ECSRC – K**  
**ANNUAL REPORT**  
**PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001**

For the financial year ended 31 March 2022

Issuer Registration number  
KN SE-0001-04

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED

(Exact name of reporting issuer as specified in its charter)

ST KITTS

(Territory of incorporation)

BIRD ROCK, BASSETERRE, ST KITTS

(Address of principal office)

**REPORTING ISSUER'S:**

Telephone number (including area code): (869) 466-7192

Fax number: (869) 465-3798

Email address: \_\_\_\_\_

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, 2001 during the preceding 12 months

Yes

No

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
CLASS A	327,419
CLASS B	287,500
CLASS C	370,081
CLASS D	15,000

**SIGNATURES**

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

TREVOR BLAKE

SIGNED AND CERTIFIED

Signature

16-MAY-2023

Date

Name of Director:

D MICHAEL MORTON

SIGNED AND CERTIFIED

16-MAY-2023

Date

Name of Chief Financial Officer:

CHERYL MOSES

SIGNED AND CERTIFIED

Signature

Date

## **INFORMATION TO BE INCLUDED IN FORM ECSRC-K**

### **1. Business.**

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

The environment in which the ECSE Group has operated during the year was challenging. Indeed, the prevailing state of the global economic and geopolitical environment, which was unprecedented and complex, continued to impact adversely on the economies of the member states of the Eastern Caribbean Currency Union (ECCU).

During the year, regional economies, like much of the rest of the world, were only just beginning to emerge from the severe downturn caused by the COVID-19 pandemic, when the recovery was setback by the fallout from the Russian invasion of Ukraine. This, with the attendant effects on oil prices, food security and logistics, have exerted strong global inflationary pressures and introduced a real risk of stagflation. This second shock, though exogenous in origin, like the pandemic has a strong and direct impact on the ECCU economies, given the region's vulnerability and the interrelatedness with global economies. In this environment, the ECSE Group's operations continued apace, and its performance in the financial year is commendable.

The primary markets remained buoyant, and issuers increased their proceeds from auctions of securities by 26.4%, raising \$1.2 billion during the year. The RGSM continued to be the major contributor, accounting for 97.4% of the total proceeds. Total listings remained at the same level, as there was no change in the equities listed, and the new fixed income listings were offset by the same number of redemptions on maturity. Activity on the secondary market was appreciably below the previous year's activity, and the share index trading experienced a slight decline.

The ECSE marked a notable milestone on 19th October 2021 when it celebrated the 20th Anniversary its launch of the ECSE Group and the creation of the Eastern Caribbean Securities Market.

The ECSE Group during the year continued to pursue its strategic initiatives. Progress was made on the expansion of the Group's range of products and services, with the introduction of new lines of business. Marketing and outreach activities have intensified, with a special focus on the youth. Informational events, such as webinars and media appearances, which has heightened the visibility of the ECSE, have increased and there is now a significant social media presence.

For the year ended 31 March 2022, the ECSE Group realized a profit of \$1.8 million, recording a positive change of 9.0% in profits year on year. This was achieved from revenues of \$5.5 million and expenditure of \$3.7 million. Earnings per share increased by 16 cents year on year and amounted to \$1.77 at year end. The Group continued focus on boosting its shareholders value.

**2. Properties.**

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed of since the beginning of the financial year for which this report is filed.

NONE

**3. Legal Proceedings.**

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

NONE

**4. Submission of Matters to a Vote of Security Holders.**

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

On 24th November 2021, the 20th Annual General Meeting of Shareholders was held.

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

The following Directors were elected at the AGM:

Mr. Timothy N. J. Antoine  
Mrs Jennifer Nero  
Ms Jasmine Taylor  
Ms Marilyn Johnson  
Mr George S Goodluck  
Mrs Sandra Derrick  
Mr D Michael Morton

The Managing Director, Mr Trevor E Blake, continued in office.

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

The Auditors Report and the Audited Financial Statements for the period ended 31 March 2021 were accepted by shareholders.  
The dividend of seventy-five cents (\$0.75) per share proposed by the directors was approved by shareholders.  
The reappointment of KPMG, Chartered Accountants, for the year ended 31 March 2022 was approved by shareholders.

- (d) A description of the terms of any settlement between the registrant and any other participant.

NONE

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

NONE

**5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.**

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

For the year ended March 31 2022 there were no outstanding matters or changes to the Share Capital of the ECSE and its Group.

**6. Financial Statements and Selected Financial Data.**

Attach Audited Financial Statements, which comprise the following:

**For the most recent financial year**

- (i) Auditor's report; and
- (ii) Statement of Financial Position;

**For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed**

- (iii) Statement of Profit or Loss and other Comprehensive Income;
- (iv) Statement of Cash Flows;
- (v) Statement of Changes in Equity; and
- (vi) Notes to the Financial Statements.

## 7. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

The overall sustainability of the ECSE Group is predicated on its ability to generate sufficient fee income from the ECSE's core activities of facilitating primary issues auctioned on its two platforms, the RGSM and the ECSM, and the secondary trading of securities; and positive returns from related activities of its subsidiary, the ECCSD.

The major portion of the ECSE Group's income is generated from activity on the RGSM and on the maintenance of sovereign debt securities. Sovereign debt securities accounted for 82.3% of total ECSE listings and for 79.1% of securities held in the ECCSD's register. It is therefore important that Government continue to raise funding via the RGSM as a reduction in the number of securities auctioned on the RGSM or loss of investor interest in Government securities auctioned on the RGSM, will have a negative impact on the operations of the ECSE Group and its financial performance.

It should be noted that while regional economies began to recover from the impact of the COVID-19 pandemic, the Russian invasion of Ukraine caused a setback to this recovery. As the war continues, the effect on the region's economies will be monitored to determine the impact, if any on primary and secondary market activity and operations of the ECSE Group.

**8. Changes in Securities and Use of Proceeds.**

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

NONE

- (b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

**Not applicable.**

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

Not applicable.

- Name and address of underwriter(s)

Not applicable.

- Amount of expenses incurred in connection with the offer

- Net proceeds of the issue and a schedule of its use

**Not applicable.**

- Payments to associated persons and the purpose for such payments

Not applicable.



- (c) **Report any working capital restrictions and other limitations upon the payment of dividends.**

There are no working capital restrictions or other limitations on the payment of dividends.

**9. Defaults upon Senior Securities.**

- (a) **If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.**

Not applicable.

- (b) **If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.**

Not applicable.

## **10. Management's Discussion and Analysis of Financial Condition and Results of Operation.**

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

**It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.**

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

### *General Discussion and Analysis of Financial Condition*

The ECSE Group financial condition continues to be sound. Its operations continue to generate a positive return to boost shareholder value. While there was a significant contraction in the total assets over the year, this is due to a reduction in third-party funds, and not the Group's own resources. The Group remained solvent and shareholder's equity has grown appreciably. The profits for the year ended 31 March 2022, amounted to \$1.8 million, a 9% above the previous year's results.

## **Liquidity and Capital Resources**

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

### *Discussion of Liquidity and Capital Resources*

The Group's strong liquidity position improved during the year, with the Current Ratio increasing from 1.15 at the previous year-end to 1.25 at 31 March 2022.

Although total current assets declined by \$40.6 million or 35.7% over the year to \$73.3 million at 31 March 2022, the main contributor to this contraction was disbursements to securities' holders, leading to Current Liabilities decreasing by \$40.9 million or 41.1% to \$58.6 million.

At 31 March 2022, the ECSE's capital base stood at \$15.4 million, comprising shareholders' subscribed capital of \$10.0 million and an accumulated surplus of \$5.4 million. Shareholders' equity increased by \$1.0 million or 7% over the prior year, due to profits retained in keeping with the Group's dividend policy. The Group's performance in the year continued, as in past years, to boost its capital base.

## **Off Balance Sheet Arrangements**

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

Not applicable

## Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls,

## *Overview of Results of Operations*

For the financial year ended 31 March 2022, the ECSE Group realized a profit of \$1.8 million, resulting from revenues of \$5.5 million and operating expenses of \$3.7 million. This outcome represents a \$0.2 million or 9.9% increase over the results of the previous year.

Revenues for the financial year totaled \$5.5 million, reflecting a 19.3% increase from total income recorded in the previous financial year. The major contributor to the Group revenues during the year was Listing and Registry Income, which accounted for \$2.7 million or 48.5% of total income. Primary Market income was the next largest contributor with \$0.9 million or 16.2% of the total revenue, followed by Interest income with \$0.8 million or 15.3% and Membership and Trading Income with \$0.7 million or 12.0% and Other Income of \$0.4 million or 7.9%.

Four of the five revenue categories experienced increases in the financial year. Primary Market Income was \$0.2 million or 20.9% above the previous year's figure, reflecting the expansion in primary market activity. Listing and Registry Income increased by \$0.2 million or 9.2% compared to the previous year, and Interest Income grew by \$0.3 million or 58.4%, due to an increase in Investments. Other Income increased exponentially from \$16,380 in the previous year to \$0.4 million resulting from increased income from hosted events and gains on sales of fully depreciated assets.

The Group's total expenditure amounted to \$3.7 million, 24.3% above the prior year's expenditure. Five expense categories accounted for approximately 94.0% of total expenditure in the financial year. Of these, the top four: Compensation Costs, which accounted for \$1.9 million or 50.5% of the aggregate; Administrative Expenses of \$0.67 million or 18.0% of the total; Depreciation and Amortization of \$0.31 million or 8.3% of the total and Software Maintenance, which amounted to \$0.28 million or 7.5% of the total, have typically led Group expenditure. Legal and Professional Fees totaled \$0.23 million or 6.1% of aggregate expenses.

In comparison to the previous financial year, Compensation Cost increased by \$0.2 million or 11.6% due mainly to recruitment of additional staff. Administrative Expenses expanded by \$0.3 million or 64.3%, mainly due to increases in Seminar Costs, Directors Fees, and Registry, Stationery and Postage Expenses. Software maintenance expenses increased by 4.7% during period due to the investment in enhanced IT backup and security software, and Depreciation and amortization expense experienced a marginal increase of 3.4%, reflecting the charge on new fixed assets acquired during the financial period.

The profit generated in this financial year was commendable, given the prevailing economic environment. The net profit of \$1.8 million, 9.9% above the previous year's results, translates to an earning per share (EPS) of \$1.76, 15 cents, 9.3% above the previous year's EPS. A return on equity (ROE) of 11.4% was recorded, 2.7% above the previous year's ROE.

**11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.**

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

NONE

**12. Directors and Executive Officers of the Reporting Issuer. (*Complete Biographical Data Form attached in Appendix 1 and Appendix 1(a) for each director and executive officer*)**

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

**13. Other Information.**

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information.

NONE



## **14. List of Exhibits**

**List all exhibits, financial statements, and all other documents filed with this report.**

Appendix 1: Biographies of the ECSE Board of Directors and Executive Officers.

Appendix 2: Audited Financial Statements for the years ended 31 March 2022

**APPENDIX 1 – BIOGRAPHICAL DATA FORMS**

**DIRECTORS OF THE COMPANY**

Name: \_\_\_\_\_ Position: \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).  
Give brief description of **current** responsibilities

Governor of ECCB since 2017 and Chairman to the Board of Directors at ECSE

Education (degrees or other academic qualifications, schools attended, and dates):

*Use additional sheets if necessary.*

**APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS**

**EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY**

Name: \_\_\_\_\_ Position: \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone No.: \_\_\_\_\_

List jobs held during past five years (including names of employers and dates of employment).  
Give brief description of **current** responsibilities.

Education (degrees or other academic qualifications, schools attended, and dates):

Also a Director of the company     Yes     No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

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*Use additional sheets if necessary.*