

**Remarks: Mr. Gregory N. Hill – SDATT President –
Formal Execution of the TTSEC-SDATT Protocol Agreement.**

7TH January 2014

Dr. Patrick Watson – Chairman of the Trinidad & Tobago Securities and Exchange Commission, Mr. C. Wainwright Iton – Chief Executive Officer - TTSEC, Board of Commissioners of the TTSEC, Board of Directors of the Securities Dealers Association of Trinidad & Tobago (SDATT), SDATT Members, specially invited Guests, Members of the Media, Ladies and Gentlemen, Good Morning.

It is indeed my honour and privilege to represent SDATT today on this auspicious occasion of the formal execution of the TTSEC - SDATT Protocol Agreement.

Today is a truly watershed day as it represents the culmination of several years of advocacy by SDATT in the fulfilment of its mandate to be the voice, of the Securities Industry of Trinidad and Tobago.

For the benefit of everyone here today, at this special event, please allow me the opportunity to take you back to 2007, just under seven (7) years ago when SDATT was first formed. At the inaugural meeting of SDATT, the then Chairman of the TTSEC – Mr. Osborne Nurse lamented that the formal Stock Exchange had attained 25 years in existence and the TTSEC 10 years, and yet the Securities Market did not have a formal voice to represent its interest.

If I may quote Mr Nurse, he said “the level of confidence in the exchange and the market is far below that which is required to have a robust and growing market, but SDATT, can make a significant impact and contribution to investor confidence and to the buoyancy and vibrancy of the market, ensuring that it addresses the governance issue frontally and squarely and that it establishes a judicious balance between members’ interests and the interests of the investing public.”

He went on to quote from Susan Wolburgh- Jenah - the former Vice Chair of the Ontario Securities Commission and the then CEO of the Investment Dealers Association, when he said: “Self-regulation cannot be taken for granted. From an industry perspective, the value of self-regulation must be continuously demonstrated through fair, balanced and practical regulation, delivered in a consultative and cost-effective manner.”

He expressed clearly that “governance and enforcement, will effectively define how well SDATT succeeds and is accepted, as a force for improving the quality of this market and its further growth.”

Ladies and Gentlemen, I am pleased to say that today, on this momentous occasion of the execution of the TTSEC-SDATT Protocol Agreement, SDATT has demonstrated that it is accepted as a force for improving the quality and further growth of this market.

However, we are not prepared to rest of our laurels, as our work has only just begun and the signing of this Protocol Agreement will certainly assist in the fulfillment of our mandate and objectives.

Three (3) of the broad objectives of this Protocol Agreement are:

- 1. To facilitate better co-operation and communication, between the TTSEC and SDATT, to fulfill respective duties, responsibilities and achieve stakeholder objectives.*
- 2. To improve the Securities Industry Regulatory Process and Administration between TTSEC and SDATT, and*
- 3. The strengthening of the effectiveness and efficiency of the TTSEC and SDATT in carrying out the SIA 2012.*

As such, with this Protocol Agreement, both SDATT and the TTSEC will be in a far better position to achieve its mandates.

The signing of the Protocol today, is critical for the fulfilment of two (2) of SDATT's core objectives, which are, as follows:

- 1. To address legislative matters affecting the Securities Industry. - This is a key focus for SDATT and as such, we have made significant contributions to the SIA - 2012 and continue to contribute to the further definition and development of the SIA – 2012 Bye-Laws. This Protocol Agreement will assist SDATT in the furtherance of this mandate, as it sets out a meeting time-table for both entities on legislative and other regulatory matters.*
- 2. The second core objective of SDATT, is the advancement of the local capital markets, in keeping with international standards. This goal is a moving target and SDATT has demonstrated its commitment to work with the TTSEC and other stakeholders in furtherance of this mandate for the benefit of the Industry.*

Our combined efforts are clearly visible, as Trinidad & Tobago is now seen as the center of capital markets for the Caribbean, albeit we are still at the Tier 1 Stage of Capital Market Development.

In this regard, SDATT is currently working closely with the Central Bank of Trinidad & Tobago and both the TTSEC, TTSE and other market actors on a White Paper, which will chart and clearly articulate the next strategic steps in for the further development of our domestic Capital Market, advancing it from the Tier 1 Stage to the Tier 2 Stage in the medium-term.

In line with this vision and the framework for the further sophistication of our market, we formally congratulate the CBTT and TTSEC on the execution of an MOU on Monday 6th January 2014, which will essentially formalize the sharing of information between both organizations, to improve efficiency of regulation and eliminate regulatory arbitrage in the capital and banking market. This will only aid in the further development and transparency of our Financial System.

SDATT continues to work in fulfilment of its other strategic objectives, which include contributing and advising on the issuance of new securities in the market, enhancing ethical and professional standards for the market and establishing SDATT as a Self-Regulatory Organization.

These mandates are at various stages of development and implementation, as we seek to embed SDATT, as a core pillar of our domestic financial architecture.

A few examples of our efforts in this regard, include, the following:

1. *Contributions towards the development of the Repurchase Guidelines.*
2. *Contributions towards the definition of Risk-Based Capital Requirements and other operating criteria for domestic market actors,*
3. *The education of our membership on –*
 - *Foreign Account Tax Compliance Act (FATCA),*
 - *Anti-Money Laundering (AML)*
 - *Counter Financing Terrorism (CFT)*
4. *The co-launch with the Mutual Funds Association of Trinidad and Tobago and Institute of Banking and Finance of Trinidad & Tobago (IBAF) of the CertFA Programme to enhance domestic training and education specifically for the Securities Industry.*

As can be seen from these developments, SDATT has been fairly active in the local market and has earned its footing as the voice of the Securities Market.

This new protocol agreement will only aid in the fulfilment of our objectives, which will redound to the benefit of all in the Securities Industry and the economy as a whole.

Today, the role of SDATT is a heightened one, as the economy of Trinidad & Tobago faces a relatively grey outlook.

Our Energy Sector still accounts for over 45% of our GDP which is extremely skewed and the only avenue out of this economic dependency, is via focused economic diversification.

This critical need to diversify is even more relevant in the context of the low and uncompetitive Natural Gas Prices we face, our declining Oil Production and weak Oil Infrastructure (evident by the recent oil spills). The increased competition from other Global LNG Plants coming on stream, Shale Gas Production and the generally weak energy demand outlook for our sector, puts our economy in a precarious position.

As such, SDATT views the development of the Financial & Securities Market, as playing a pivotal role in this economic diversification paradigm, as we must increase our Sector's contribution from 12% to well over 30% of GDP to truly diversify the economy. Especially since the development of a Securities Market has been linked to sustained economic growth in other jurisdictions.

To fulfil this objective, we need more IPOs (and SDATT thanks the Honourable Minister of Finance – Senator Larry Howai for the recent FCB IPO), Equity Listings via the Privatization of Non-Core State Entities and Public Services, the development of a truly liquid secondary Securities Market and a culture of risk appreciation and mitigation. More importantly, we need the clear and transparent application of the Securities Laws, with swift repercussions for breaches.

This is at the crux of why SDATT and the TTSEC must collaborate better, as the future of our Country lies in the development of our Financial and Securities Markets.

With the signing of this Protocol Agreement today, we at SDATT pledge our support to the TTSEC to work closely on the further

development of our securities markets for the benefit of the citizens of our Country.

Once again, on behalf of the SDATT Board of Directors, we thank you for your support of this Protocol Agreement.