

# EASTERN CARIBBEAN CENTRAL BANK



## INVESTMENT INSIGHTS

### **7. Measures To Ensure The Protection Of Investors In The Eastern Caribbean Securities Market**

One of the primary concerns of investors is the security of their investments. They need positive assurance that their investments are protected and are safe. In acknowledgement of this, every effort has been made to ensure that the market operates under secure conditions.

We noted in a previous column that the dematerialized environment created by the modern operating infrastructure will result in the removal of the risks of theft, loss or mutilation of certificates, and the associated costs, which could result from movements through and from the registrars.

In addition to this, a sound regulatory structure has been put in place to ensure that all market activities are conducted in accordance with international standards of fairness, transparency, professionalism and integrity.

All participating countries in the Eastern Caribbean Securities Market (ECSM) are signatories and subject to the Uniform Securities Act 2001, which designates the Eastern Caribbean Securities Regulatory Commission (ECSRC), as the regulatory body, charged with ensuring that the market operates in accordance with the prescribed rules and regulations. The Commission is responsible for:

- (i) Making rules and proposing legislation for the regulation of the ECSM,
- (ii) Amending existing rules and making recommendations for amendments to legislation and
- (iii) Interpreting the Securities Act, 2001 and the accompanying regulations.

The application of uniform and transparent rules and legislation is intended to ensure market efficiency and investor protection.

All companies wishing to operate as intermediaries in the ECSM must first be licensed by the ECSRC, which monitors and supervises their operations to ensure compliance with the regulations and that professional standards are maintained. These companies must also apply for membership of the Eastern Caribbean Securities Exchange (ECSE). Additionally the principals and representatives of these firms must be licensed by the ECSRC and certified to use the ECSE's trading software. All licensed firms and personnel are subject to the rules and procedures of the ECSE.

A Regional Debt Co-ordinating Committee, comprised of ECCU Financial Secretaries is charged with coordinating the policies and procedures for the Regional Government Securities Market (RGSM), and ensuring compliance of the participating governments.

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And, to ensure added efficiency in the RGSM, the ECCB performs the role of fiscal agent to the participating governments. This means that the Bank provides advice to governments on the instruments being issued to the market, within the context of their debt management strategies. Additionally, the Bank provides administrative support in the issuance and redemption of government securities. Each government is however responsible for guaranteeing the financial instruments, it issues.

In a previous article, we noted that ECCU governments wishing to issue securities are required to file a prospectus, with financial and economic information about the country, and the details of the security being issued. This document is intended to assist prospective investors in evaluating the potential risk and return of the security and making informed investment decisions.

These arrangements - the ECSRC, the Regional Debt Co-ordinating Committee, the Fiscal Agent and the disclosure requirements have been put in place to ensure investor protection and to promote confidence in the market.