



40th Anniversary of the Trinidad and Tobago Stock Exchange

Hyatt Regency Hotel, Port of Spain

Address by the Honourable Colm Imbert, MP, Minister of Finance

Friday October 21, 2022

Good morning.

I would first like to acknowledge and extend greetings to:

- The Honourable Brian Manning, Minister in the Ministry of Finance
- The High Commissioner for Jamaica to Trinidad and Tobago, His Excellency Arthur Williams.
- The Chairman of the Trinidad and Tobago Stock Exchange – Mr. Ian Narine
- The Chief Executive Officer of the Trinidad and Tobago Stock Exchange – Ms. Eva Mitchell
- The Chairman Massy Holdings Ltd, President and Group CEO - Mr. Gervase Warner
- The Managing Director of Index and Data Business – National Stock Exchange of India - Mr. Mukesh Agarwal
- The CEO and Representatives of the Regional Stock Exchanges
- Other Distinguished Guests
- Sponsors and Media

Historic Overview

It is indeed an honour to speak on this auspicious occasion – the celebration of the 40th Anniversary of the Trinidad and Tobago Stock Exchange.

The Trinidad and Tobago Stock Exchange (TTSE) is the main stock exchange in the Republic of Trinidad and Tobago, and the largest stock exchange in the Caribbean region by market capitalization at TT\$150 Billion (I am told that the second largest, the JSE, has a market cap of just under a TT\$110 Billion). It is noteworthy that a number of companies from other CARICOM countries, such as Barbados and Jamaica,

also cross-list their stocks onto the Trinidad and Tobago Stock Exchange and on behalf of the Government I wish to encourage more and more companies within Caricom to cross list on the TTSE.

The TTSE today, is the natural progression from the primary market and the Call Exchange of the sixties and seventies emanating from Government's policy thrust at the time which was two-fold: on one hand focusing on localization of the banking and manufacturing sectors and on the other hand, the establishment of a regulatory framework under which these entities can operate effectively. The proclamation of the Securities Act in October 1981 led to the formal opening of the Trinidad and Tobago Stock Exchange.

The establishment of the Stock Exchange under the provisions of the Securities Industry Act 1981 was a natural extension of the policy to formalize the securities market in Trinidad and Tobago. This Act was proclaimed on October 23, 1981, and the Stock Exchange was formally opened in that same month under the auspices of the Ministry of Finance.

Over the years and leading up to the current time, there was no doubt that the original Securities Law became ineffective. Regulation was difficult and many of the provisions of the law were unenforceable.. The Ministry of Finance, in recognizing this problem, worked with the Exchange to introduce a more dynamic piece of legislation, eventually repealing the 1981 Act and replacing it with the Securities Industry Act of 1995 which brought into operation the establishment of a Securities and Exchange Commission.

The 1995 Act vests with the Commission, the authority to maintain surveillance over the securities market and ensure orderly, fair and equitable dealings in securities. Furthermore, all market actors, meaning issuers, underwriters, investment advisers,

stockbrokers and dealers, and so on must register with the Commission, who is responsible for controlling and supervising their activities. The Exchange on the other hand regulates trading on the secondary market, as well as the activities of the Members of the Exchange, subject of course to the oversight by the Commission.

Subsequently, in December 2012 the Securities Industry Act of 1995 was repealed and replaced by the Securities Act, 2012.

Policy Achievements

Since our Independence in 1962, a policy objective of the Government has been the building and strengthening of a mix of institutions, with an emphasis on growth, development, and prosperity for the nation. One of the first institutions was the Central Bank of Trinidad and Tobago which has successfully and expertly governed the monetary and financial landscape for over six decades. Thereafter, the Trinidad and Tobago Unit Trust Corporation which has provided our citizens with financial autonomy through the mobilization of savings into productive, capital investments since 1982 as well.

We have continued the process for deepening and widening our capital market as a major source for the funding of private and public activities. The July 2022 Additional Public Offering (APO) of First Citizens Bank which placed 10,869,565 FCB shares at a price of \$50 per share, into the hands of private and institutional investors is a key recent indication of this.

The public response to the FCB APO has been an outstanding success, similar to the National Investment Fund (NIF) public offering in 2018. The APO was heavily over-subscribed by 55 percent attracting applications for 16,865,007 ordinary shares with a

value of \$843 million, of which \$543 million was transferred to Corporation Sole as owner of the shares. This APO followed two previous public offerings for the Government's shares of FCB. The result of this evolutionary process is that 40% of the shares of FCB are now in private hands, quite a departure from the situation 9 years ago, where originally, the Government owned 100% of this bank.

The Government has also initiated the divestment of shares in another State Enterprise, namely, Trinidad and Tobago NGL. TTNGL was incorporated in 2013 by The National Gas Company of Trinidad and Tobago Limited (NGC) to enable the public to participate in an Initial Public Offering (IPO) to own an equity interest in Phoenix Park Gas Processors Limited (PPGPL). Through an Initial Public Offering (IPO) in 2015 and an Additional Public Offering (APO) in 2017, the public (individuals and institutions of Trinidad and Tobago) now holds a 75% equity interest in TTNGL, while NGC holds the remaining 25%.

So, at the level of the Government, we have over the years, sought to broaden, and deepen the availability and value of equities on our local stock market by making available to the public, valuable shares in high performing State Enterprises.

Turning now to small and medium enterprises. Our SMEs have long been playing a critical role in our development thrust. Generally employing a limited number of individuals, they have been sustaining livelihoods, especially among women, youth, and groups in vulnerable situations. We have been focusing on lowering and eliminating barriers faced by these enterprises.

As such, we have implemented several initiatives geared towards the development and furtherance of the SME Sector: The Long-term Loan Guarantee Scheme; the Gateway to

Trade Programme; the Export Booster Initiative and the Grant Fund Facility, both administered by ExporTT.

The SME Mentorship Programme which is a collaboration between the Trinidad and Tobago Stock Exchange, the Central Bank of Trinidad and Tobago and the Ministry of Finance is providing small and medium enterprises with the guidance required to transition successfully and grow their businesses while practicing good corporate governance. We have borrowed significantly for the Jamaican SME stock exchange experience in this respect

SMEs will be assisted with accessing financing via tax incentives for listing on the Trinidad and Tobago Stock Exchange: a full tax holiday for the first 5 years, that is, exemption from the payment of corporation tax, business levy and green fund levy; and a 50 percent reduction in taxes for the second 5-year period.

The new Junior Stock Exchange system will be formally launched next week. So stay tuned

Ensuring an environment conducive to the development of the local capital market

Ladies and gentlemen, the importance of capital markets in the Caribbean region cannot be under-estimated. The Financial and Insurance Activities' Sub Sector has averaged a significant 8% contribution to real GDP over the last three years and represents a building block for our nation's economy.

An efficient market provides competitive financing alternatives, which then generates spin-off benefits to the real economy. In addition, money market 'price signals' gauge the

costs of Government capital and permit monetary authorities to control liquidity. In addition, market participants enhance the level of professionalism, independence and corporate governance.

Both primary and secondary markets are important to the effective allocation of scarce capital. To the extent that capital markets are poorly developed, or lack liquidity and transparency, domestic investors will reduce investment in favour of consumption, and thereby lower savings. Furthermore, investors, both regional and non-regional will seek to diversify portfolios and will tend to invest in countries with more developed liquid and transparent capital markets which offer a wider variety of instruments. These factors and the ability to enter and exit at will are critical to a well-functioning market and are still significant in most Caribbean markets.

As a government we remain committed to addressing the challenges within the capital market industry ensuring that conditions are conducive to the development of the capital markets. This means that Trinidad and Tobago continues to work to a more competitive tax system as exemplified by this Government's establishment of the Trinidad and Tobago Revenue Authority which will consolidate and strengthen the domestic tax system, mindful of the role and impact of other jurisdictions in the global tax arena. Moreover, we continue to build an investor-friendly climate with higher energy efficiency and greater geographic dispersion of economic opportunity, along with improvements in vital infrastructure. It also means that we must have sound public finance and a stable macro-economic environment that minimizes risks, lowers uncertainty, and instills greater investor confidence in the economy.

Innovation in Information Technology and the Digital Economy

Ladies and Gentlemen, in this post-pandemic era we are improving the efficiency of the public sector of which institutions like the Stock Exchange as important stakeholders, will benefit. By expanding technology, digitization, and digitalization, we are improving public sector performance. As we undertake diverse approaches to reform key institutional arrangements, utilizing an e-governance eco-system, we are also transforming workforce human resource management arrangements and developing results-oriented approaches to policy execution.

Through the co-existence of computer systems, the internet, telecommunications and electronics and their sustainable development, businesses are experiencing radical changes in their efficiency to reduce transaction costs.

Central to Government's development mandate is a fully digital Trinidad and Tobago which would provide the catalyst for growth and diversification of the economy. In this context, different and multifaceted arms of Government are now charged with the responsibility of directing the necessary changes to accomplish this objective and, have been mandated to ensure that high-speed broadband internet access accompanied by the requisite ICT infrastructure is made available for all citizens. The focus remains heavily on schools and institutions: pre-school, primary, secondary, and tertiary, as well as other important institutions and agencies. This is expected to streamline processes and identify and eliminate waste, duplication, and inefficiency in the provision of Government services.

In the context of the utilisation of digital access tools by the national economy, including Government services, ease of access to digital commerce will be provided through a range of digital cultural shift activities and a national digital database. We are facilitating the

implementation of several major projects including digital procurement solutions, digital mobile money solutions, nationwide 4G and 5G networks, the development of a national digital database; and delivery of a wide range of Government services.

In so doing, the focus will be on stakeholders' participation in the technological transformational processes. Appropriate funding and incentives have been provided for training and equipment for digitisation. To this end in 2020, all taxes were removed on computers and the remaining taxes on digital equipment such as taxes on mobile and digital equipment and cell phones, were finally removed exemplifying our resolve. .

Ladies and Gentlemen, I have only touched on the many and diverse ways that Government is working to facilitate the development of the capital markets and we continue to work with significant stakeholders in the widening and deepening of these markets to engineer economic growth and development.

I thank you.