



The Eastern Caribbean Securities Exchange

Investing in the future

The Eastern Caribbean Securities Exchange (ECSE) is a regional securities market established and licensed under uniform regional legislation governing securities market activities. It was designed to facilitate the buying and selling of financial products, including corporate stocks and bonds, and government securities, for the eight ECCB member states of the Organization of the Eastern Caribbean States (OECS) - Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat,

St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

According to Trevor Blake, ECSE's General Manager, the ECSE came into existence as a result of a diagnostic study made by the Eastern Caribbean Central Bank in the 1990s. "That diagnostic identified a number of gaps that existed in a fragmented financial system," he explains. "Amongst those was the need for other

forms of financing other than debt financing for companies in the productive sectors that drive the economy within the Eastern Caribbean. So, the Central Bank set about creating the securities market, developed the Exchange, the depository, the regulatory commission, and got the Securities Acts drafted for enactment by the member countries. And in 2001, the Exchange was launched."

A securities market is like any other market where buyers and sellers meet to exchange goods and services. The buyers (investors) are individuals and institutions who have money (capital) to invest. The sellers are corporations, governments, and other investors. "The Exchange provides a facility for people to buy and sell securities, financial assets, including equities, i.e. shares in companies, and debt securities, which are bonds issued either by member governments, or by corporations within the Eastern Caribbean Currency Union - the eight member states of the OECS that are members of the Central Bank and use a common currency - the Eastern Caribbean dollar," Blake explains. "We have a mix of institutional and retail investors. The retail investors mainly are in the equities side of the market; most of the institutional investors are active in the debt side of the market."

The ECSE provides both a primary and a secondary securities market. In the primary market, a public company or government (issuer) sells its securities for the first time to investors to raise capital to support its operations. The funds generated from this sale of securities go to the issuer. In the secondary market, investors buy and sell securities among themselves. The proceeds from this trading activity go to the investors, not back to the original issuer.

Currently, the ECSE has 13 companies listed - 12 domestic companies and one cross-listed company from Barbados. "Our Exchange is slightly different from

AT A GLANCE

WHO: The Eastern Caribbean Securities Exchange

WHAT: A regional securities market for the member states of the OECS

WHERE: Headquarters in Basseterre, St. Kitts

WEBSITE: www.ecseonline.com

many other exchanges in the rest of the CARICOM (the organization of fifteen Caribbean nations and dependencies) in that our listings are predominantly debt securities," Blake says. "We have a very active government securities market and we have over 100 debt instruments listed - a mixture of government and corporate bonds; which is different from most exchanges that trade predominantly equities."

The ECSE is a fully electronic exchange, and according to Blake, it was the first regional one established in the Western Hemisphere. That means that all securities are traded in a "dematerialized" form - investors do not need to hold physical certificates to confirm proof of ownership as all shares are held in electronic form at the Eastern Caribbean Central Securities Registry Ltd. (ECCSR), a subsidiary of the ECSE. "And that lends itself easily to cross-border operations," Blake states. "Trading is done remotely by brokers on their various islands, logging onto our application. And all securities traded in our market are completely dematerialized - there are no physical securities; they're all held and traded fully electronically across boundaries."

Recently, Blake says that the ECSE has been working on restructuring some of its functions in order to provide better service for its clients. The consolidation of