HOUSE OF REPRESENTATIVES

Friday, July 10, 2009

The House met at 1.30 p.m.

PRAYERS

[MR. SPEAKER *in the Chair*]

JOINT SELECT COMMITTEE
(APPOINTMENT OF MEMBERS)

Mr. Speaker: Hon Members, I have received correspondence from the President of the Senate as follows. It is addressed to me as Speaker of the House of Representatives. It concerns the appointment of Members to the Joint Select Committee:

> "Your letter dated July 07, 2009, on the subject at caption refers. I wish to advise that at the Sitting of the Senate held on Tuesday July 07, 2009, the Senate agreed to the undermentioned resolution.
>
> Be it resolved that the Senate appoint an equal number of Members as that of the House of Representatives to a joint select committee to consider a Bill entitled, "An Act to reform and modernize local government in Trinidad, to provide for certain Municipalities, the delineation of their boundaries, and their classification as cities, boroughs and regions, to provide for the continuation of certain Municipal Corporations and the establishment of new Municipal Corporations, to provide for a Municipal Council, an Executive Council and uniformed Departments for each Municipal Corporation, to specify the responsibilities of the Municipal Corporations, the Municipal Councils, the Executive Councils and the Departments and the role of the Government in relation to Municipal Corporations, to establish Central Administrative Districts and Central Administrative District Coordinating Committees, to repeal and replace the Municipal Corporations Act, Chap. 25:04 and to provide for related matters", and that this Committee be empowered to discuss the general principles and merits of the Bill along with the details and be mandated to report within three months.
>
> Accordingly, I respectfully request that you cause this matter to be placed before the House of Representatives at the earliest convenience.
>
> Respectfully
>
> Sen. The Hon. Danny Montano
>
> President of the Senate"

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, in accordance with your announcement, I wish to advise that at a later stage in the

proceedings today, we will name the Members of the House of Representatives who will sit on this committee. [*Interruption*]

Mr. Speaker: Order.

METROLOGY (AMDT.) BILL

Bill to amend the Metrology Act, 2004; brought from the Senate [*The Minister of Trade and Industry*]; read the first time.

SELECT COMMITTEE REPORTS

Public Accounts (Enterprises) Committee (Presentation)

Dr. Hamza Rafeeq (*Caroni Central*): Mr. Speaker, I have the honour to present the First Report of the Public Accounts (Enterprises) Committee for the 2007/2008 Session of the Ninth Parliament.

ORAL ANSWERS TO QUESTIONS

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, today the Government is in a position to answer questions Nos. 33 and 59. I will respectfully ask for a deferral of two weeks for the others.

The following questions stood on the Order Paper:

Brian Lara Sporting Complex (Tarouba)

3. With respect to the Brian Lara Sporting Complex in Tarouba, could the hon. Minister of Sport and Youth Affairs state:

(a) the projected cost of the entire project;

(b) the amount of money that has already been spent on the project;

(c) the expected date of completion of the entire project; and

(d) the projected annual cost of maintenance of the Complex after completion of construction? [*Dr. H. Rafeeq*]

Johns Hopkins University/Hospital (Terms and Conditions of Arrangement)

8. Could the hon. Minister of Health state:

(a) whether there is any formal arrangement between the Government of Trinidad and Tobago/Ministry of Health and the Johns Hopkins

University/Hospital for the provision of services to the people of Trinidad and Tobago; and

(b) if the answer to (a) is in the affirmative, could the Minister state the terms and conditions of the arrangement? [*Dr. H. Rafeeq*]

Summit of The Americas
(Details of)

58. Could the hon. Minister of Finance state:

(a) The budgeted cost for the Summit of the Americas?

(b) Whether there were any cost overruns? and

(c) If the answer to (b) is in the affirmative, how much did the overruns amount to and the area where they occurred? [*Mr. V. Bharath*]

Corinth Hills Housing Development
(Status of)

90. (a) Could the hon. Minister of Planning, Housing and the Environment state whether persons who were allocated houses by the Housing Development Corporation in the Corinth Hills Housing Development were permitted to occupy them, although there were no toilets and/or sewerage facilities in the said development;

(b) If so, is the Minister aware that this action by the Housing Development Corporation could result in a serious health hazard to the residents; and

(c) Could the Minister state who made the decision to permit these persons to occupy these houses? [*Mr. S. Panday*]

Criminal Gangs in Trinidad and Tobago
(Action Against)

96. (a) Could the hon. Minister of National Security state whether action has been taken to investigate the criminal gang leaders and the members of the criminal gangs in Trinidad and Tobago in order to bring them to justice; and

(b) If the answer is in the affirmative, please state whether any member was prosecuted for criminal offences, giving the verdict in those prosecutions? [*Mr. R. L. Maharaj SC*]

Criminal Gang Leaders
(Profits from Crime)

97. (a) Could the hon. Minister of National Security state if any investigations were conducted by the State to determine whether any of the criminal gang leaders or their members made financial profits from crimes which they committed;

(b) If so, whether anyone was prosecuted for money laundering and whether any of them had their assets or any part thereof frozen or confiscated by the State; and

(c) If the answer to (b) is in the affirmative, please give details of names, dates and value of properties frozen or confiscated by the State? [*Mr. R. L. Maharaj SC*]

Gasparillo Junction
(Reduction of Traffic Congestion)

98. Could the hon. Minister of Works and Transport state what progress, if any, has been made by his Ministry to eliminate and/or reduce the traffic jams and/or congestions at the Gasparillo Junction? [*Mr. R. L. Maharaj SC*]

Questions, by leave, deferred.

Compensation For Farmers

33. Mr. Harry Partap (*Cumuto/Manzanilla*) asked the hon. Minister of Agriculture, Land and Marine Resources:

(a) Could the Minister state whether the Ministry revised the schedule of compensation for farmers' crops lost during flooding and other emergencies; and

(b) if the answer to (a) is in the negative, when will the schedule of payments be revised?

The Minister of Agriculture, Land and Marine Resources (Hon. Arnold Piggott): Mr. Speaker, there exists at present a valuation of crop plants revised schedule pertinent to disaster relief assistance to farmers from crops lost arising from natural disasters which came into effect in April 1996. It is to be noted that the programme does not contemplate compensation and is not intended to be payment for the market value of any loss of potential earnings.

The Valuation of Crop Plants Revised Schedule 1996 was meant to provide a mechanism to assist the farmers to restore some level of production to assist them in restarting their programme of agricultural activities. During the period 2008/2009, significant sums of money have been paid out to farmers by way of disaster assistance. The total paid out was $20,482,647.38 made up as follows:

North region—$18,375,307.06 to 1,969 farmers.

South region—$2,107,340.32 to 985 farmers.

Meanwhile, the Government of the Republic of Trinidad and Tobago is exploring the possibility of the introduction of crop and livestock insurance. One of the state agencies under the Ministry of Agriculture, Land and Marine Resources has been mandated to pursue this initiative, that is, that of crop livestock insurance with a view to introducing an insurance programme at the earliest opportunity. In this context, a well established agricultural insurance model from an Asian country is currently being evaluated for adaptability.

Thank you.

Mr. Sharma: Could the hon. Minister advise this House of the formula employed to arrive at the current prices?

Hon. A. Piggott: Mr. Speaker, the formula is worked out at the office of the ministry with which the Minister does not get involved, particularly. At this time, I cannot give that answer to you.

Mr. S. Panday: Could the hon. Minister state if he is aware that at the present time a farmer is being paid 39 cents for an ochro plant? If he is aware of that, when will the schedule be revised for compensation to farmers?

Hon. A. Piggott: Mr. Speaker, I did indicate that the Government of the Republic of Trinidad and Tobago is looking at other means of compensation, i.e. crop insurance, livestock insurance.

Bailey Bridge Commission of Enquiry (Status of Report)

59. Mr. Jack Warner (*Chaguanas West*) asked the hon. Minister of Works and Transport:

With respect to the commission of enquiry established to investigate the collapse of the Bailey bridge over the Caroni River, could the Minister state why the report has not been laid in Parliament?

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, the legal implications of this matter are being carefully studied before our decision is made as to whether the report would be made public.

Mr. Warner: Can the Minister give any indication when these legal implications shall be completed?

Hon. C. Imbert: I am afraid not. I would also like to point out something that I omitted to state. There was no commission of enquiry into this matter as the question implies.

SECURITIES BILL

Order for second reading read.

The Minister of Finance (Hon. Karen Nunez-Tesheira): Mr. Speaker, I beg to move,

> That a Bill to provide protection to investors from unfair, improper or fraudulent practices; foster fair and efficient capital markets and confidence in the capital markets in Trinidad and Tobago and to reduce systemic risks; to co-operate with other jurisdictions in the development of fair and efficient capital markets, and for other related matters.

The Government is introducing this legislation, the Securities Bill against the background of what the experts now agree is the worst economic crisis to affect the global economy in over 60 years. The latest forecasts from the International Monetary Fund paint a dismal picture of the world economy, which the fund now projects will decline by 1.3 per cent in 2009 on a year-on-year basis. If this forecast turns out to be correct, it would represent the weakest performance of the global economy in the entire post-war period. Although the IMF expects the world economy to begin growing again by 2010, this growth is projected to be at a rate of less than 2 per cent. This would be well below what would be considered normal for the world economy and would fall short of what is required to address the problems of mounting unemployment that are now enveloping the world.

How did we ever come to this? Economic recessions are nothing new, of course. They are a normal part of the business cycle and recur from time to time. But what makes the current world recession different from others in the past is its virtually unprecedented severity, as well as the fact that almost no country or region in the world has managed to be spared. It is a truly global phenomenon.

What is also instructive and significant is that this recession, which is being called the most dangerous economic crisis since the Great Depression, had its

origins in the financial sector. The meltdown that we are witnessing in the world economy was triggered directly by the sub-prime mortgage crisis in the US housing market, which manifested itself in a dramatic rise in mortgage delinquencies and foreclosures in the United States. As we are now all painfully aware, the consequences for banks and other financial institutions and for financial markets around the globe have been nothing short of disastrous.

The problems experienced in the US housing market triggered the collapse or near collapse of some of the most recognized and long-established institutions in the world of finance, both within the United States of America and internationally. The casualties of this crisis included institutions which had invested heavily in tenuous mortgage-backed securities. Other financial institutions were dragged down when, in order to protect their own reputations, they had to try to rescue the special investment vehicles they had created as a means of conducting their risky, off-balance sheet business.

Still others were brought down by the suffocating credit crunch that followed when institutions virtually stopped lending to one another as everyone began to distrust the creditworthiness of everyone else. The casualties included some very famous names, such icons of the financial world as Merrill Lynch, Lehman Brothers, the insurance giant AIG, Washington Mutual, and on the other side of the Atlantic, Northern Rock.

The causes of the sub-prime crisis itself have also been the subject of much discussion. This discussion has generally pointed to a few major culprits. While some of the explanations have pointed in the direction of market forces and market failure, others have focused on the incentives created when certain choices were made with regard to both policy and regulation. As we move to strengthen our own regulatory framework, it is essential that we understand and recognize what went wrong at the global level so that we have a full appreciation of what went wrong in our own environment.

1.45 p.m.

The first major cause of the problem was at the policy level. It had to do with the extended period of low interest rate that was allowed to prevail in the United States following the burst of the so-called “dot.com bubble”. While the United States authorities took this approach because they were understandably concerned with avoiding recession, these very low interest rates not only fuelled a huge demand for housing, but also led to a serious degradation of lending standards. What in fact happened was that banks and other credit institutions went frantically in search of higher returns at the expense of normal banking prudence.

The second culprit was the unevenness in the regulatory and supervisory framework that left huge gaps in the oversight of some institutions, even though they were engaged in the same type of activities as others that were more tightly regulated. These gaps in the regulatory framework provided both the incentive and the opportunity for risky subprime mortgage business to be shifted to less tightly regulated institutions. It also allowed a tremendous amount of off-balance sheet risk to be built up almost unnoticed in the special investment vehicles that were affiliated to major institutions.

Third on the list of factors that gave rise to this crisis was the securitization model that allowed the originators of these toxic subprime mortgages to easily repackage these risks and earn considerable sums of money from redistributing it to third-party investors. This created an incentive for some people to create highly risky mortgages which had virtually no chance of being repaid and not to have to worry about the risk or the consequences of default. Repackaging took the form of mortgage-backed securities or securities known as collateralized debt obligations, some of which were so complex that they were poorly understood even by the sophisticated institutional investors who were investing in them. Investors in these securities must certainly also rank as accomplices for their lack of due diligence and blind reliance on the opinion of credit rating agencies.

Fourth on the blame list were the credit rating agencies themselves, which gave superior investment grade ratings to some of these highly risky securitized assets, at the same time that they were being paid fees by the creators of these securities. What is more is that these very same credit agencies sometimes even acted as consultants in the structuring of the very products that they rated.

If the events that took place in the international financial sector sound familiar to us, it is probably because they bear some resemblance to developments in our own financial sector. In the last few months, we too have had the misfortune to witness the emergence of significant stresses within our own financial system.

Since the beginning of this year, we have seen the near collapse of the country's largest insurance company. We have also experienced regulatory intervention in an important investment bank, as well as the threat of failure of a large securities company. There was an important common denominator of course. All three of these institutions which fell into distress were members of one conglomerate and operated under the ambit of a single parent holding company. The problems have therefore occurred in the same family as it were.

I say this to make the point and we must be careful to understand that the problems we have experienced in our own financial system came about for

reasons that were very different from the causes of the financial crisis abroad. Whereas in the United States and in the global market the threat arose from exposure to highly sophisticated products that were based on very risky underlying securities, in our case it arose as a result of a model in which the resources of certain financial institutions were used to finance activities that were not part of their own balance sheets. This lack of transparency and weakness of risk management inherent in this model were compounded by the fact that much of these off-balance sheet financing activities were in volatile real estate investments. The failures that ensued were nothing less than a disaster waiting to happen.

What does this all have to do with the legislation before us? The answer to this question starts to become clear when we consider that at least two of the instruments used to raise funding for these off-balance sheet activities were securities. The first was a product in the form of a purchase and repurchase agreement commonly referred to as a "repo", which is a short-term security whose regulation will fall squarely within the ambit of the Bill before us. Some of these non-transparent, financing activities to which I refer were also supported by the use of instruments known to Investment Note Certificates (INCs), which is also a type of derivative security.

What the recent failures in our financial sector have clearly highlighted is the fact that there are special regulatory challenges involved where the activities of different classes of financial institutions become intertwined and where these institutions are not subject to the oversight of a single local regulator. The challenge gets even more complicated when the company is operating across regional or international boundaries and is, therefore, subject to the jurisdiction of multiple regulators.

One of the key objectives of this legislation, therefore, is to give the Trinidad and Tobago Securities and Exchange Commission, which is the regulator of our securities market, the capacity to respond to precisely this kind of challenge. This we are seeking to do by clarifying and strengthening the ability of the regulator to cooperate and share the information with other regulatory and official bodies, including local and regional regulatory authorities, government entities and foreign governmental agencies. The law will make provision for the commission to be able to enter into memoranda of understanding with other regulators for this purpose.

Further, in today's world, the reality is that sophisticated illegal activity in the securities industry frequently happens across borders, elements of one offence occurring in multiple jurisdictions. This provision will give the regulator a powerful new tool in enforcing the law against cross-border financial crime.

As we have indicated, this legislation comes before Parliament at a time that the world economy, as well as the global financial markets, is in a state of considerable turmoil. Many around the world have sought to attach blame for the financial crisis to the failure of adequate or effective regulation, and against this backdrop we see the international regulatory community now preparing to launch a vigorous response in the form of a new wave of regulatory tightening and an updating of regulatory standards.

One of the leaders of this initiative is a Group of 20 called the G20. The G20 is an authoritative international forum that promotes discussions between industrial and emerging market economies on key issues related to global economic stability. In the wake of the rampant financial stability seen in the latter half of 2008, the G20 has proposed an agenda of stringent regulatory reforms that has been echoed by many other regulators and has received the support of influential, standard-setting bodies such as the International Monetary Fund and International Organization of the Securities Commission.

Mr. Speaker, the principles embodied in this new securities legislation are very much in keeping with the global thrust being promoted by the G20 and the international regulatory community. These efforts are aimed at strengthening transparency and accountability, enhancing sound regulations, promoting integrity in financial markets and reinforcing international cooperation.

While it may appear that the timing of this Bill is somewhere connected to recent events in our financial market, the fact is that the Government and the commission have been moving towards this for some considerable time. Let me take a moment to outline some of the conceptual underpinnings of this legislation.

The conceptual underpinnings of this legislation are several. We are seeking to strike an appropriate balance between the development of our markets on the one hand and the protection of investors and the need for a level playing field on the other. We are seeking, as well, to enhance and modernize our regulatory framework and to ensure that the regulation of our securities market comes to the standard required by international best practice. This Bill, which contains 164 clauses, has been drafted primarily with an eye to achieving the three main objectives set out by the International Organization of Securities Commissions (IOSCO) of which we are a Member. These objectives are:

(1) the protection of investors;

(2) ensuring that our markets are fair, efficient and transparent; and

(3) the reduction of systemic risk.

In order to achieve these, we are seeking to implement a number of specific measures that go towards restricting access to the market by those Self-Regulatory Organizations, market actors and issuers who do not satisfy fit and proper criteria, strengthening of disclosure standards, improving surveillance of the various actors that operate in our market, clarifying certain market offences such as insider dealing, and enhancing the enforcement of powers of the commission.

This legislation will ensure that all persons involved in the creation, management, sale and distribution of securities will be subject to registration and regulation by the Securities and Exchange Commission. Persons engaged in the selling of mutual funds, for example, will become subject to this requirement. It will also extend to anyone who is employed by an investment advisor as giving advice in that capacity. This will be in addition to the need for the company itself to be registered.

The additions and enhancements to the regulatory regimes for securities are substantial and far-reaching, so much so that it was felt that the required objectives could not be achieved through selective amendments to the existing legislation. For this reason the approach that is being taken is to repeal the existing legislation and present the proposals for reform in the form of an entirely new Bill.

Among the important innovations in this legislation are the following: The strengthening of the commission, which provisions are contained in particular in clauses 10(4), 23 and 24. The Bill also seeks to strengthen the hand of the commission in a number of ways. Currently membership on the commission is limited in number to a maximum of seven commissioners. This limitation in number severely restricts the ability of the commissioners in their quasi-judicial role in the adjudication of contraventions. Clause 10(4) of the Bill, therefore, provides the appointment of up to three temporary commissioners in addition to the substantive complement of seven in cases where the commission may require the additional expertise.

Furthermore, under the Securities Industry Act, 1995, called the SIA, the commission's ability to appoint staff and experts to assist it in the execution of its functions is subject to the prior approval of the relevant terms and conditions by the Minister. Ministerial involvement at this level effectively delays the proper functioning of the commission and is considered wholly inconvenient. Clauses 23 and 24 of the Bill therefore seek to ensure an expedited process by removing the need for ministerial approval in this regard.

While the SIA gives the commission the authority to charge fees with the approval of the Minister, the commission is currently without the power to waive, vary or suspend fees should such actions become necessary. Clause 28 of the Bill

seeks to rectify this by permitting the commissioner to charge, waive, vary or suspend fees with the prior approval of the Minister. Furthermore, under clauses 31(a) and 9 of the Bill, the commission is required to have an audit committee of a minimum of three commissioners for the purpose of reviewing the quarterly financial statement of the commission before they are approved by the board. The inclusion of an audit committee is in keeping with international best practice and strengthens the corporate governance framework of the commission.

2.00 p.m.

Regulatory co-operation—that is dealt with under the purpose clause and clause 19.

Another important area of reform will address co-operation among regulators. The existing securities legislation confers on the Commission the ability to consult and co-operate with the Central Bank of Trinidad and Tobago and other regulatory agencies as a means of minimizing duplication of every effort.

The SIA also empowers the Commission to co-operate with a governmental agency or an agency of a foreign government in respect of investigations into contraventions into activities in and outside of Trinidad and Tobago.

The Bill retains these powers and very significantly extends them by expressly enabling the Commission to enter into memoranda of understanding with the Central Bank and other regulators, the Stock Exchange and agencies of foreign government, foreign security regulators and other relevant regulatory bodies in furtherance of the purpose of the Bill. This will undoubtedly facilitate mutual assistance and the exchange of information and regulatory bodies and compliance with securities laws.

Inspection of records, on-site examinations and powers of entry—this is dealt with under clauses 6(e), 47, and 90 to 93. Mr. Speaker, the Bill also provides the Commission with a general power, under clause 6(e), to conduct inspections of self-regulatory organization, market actors and reporting issuers and permits the Commission, more specifically under clauses 47(4) and 47(5) to examine the books, records and other documents of self-regulatory organizations whether at their place of business or not.

In addition, clause 93(1) further empowers the Commission to require SROs and market actors to deliver any books, records or other documents which are required to be kept and to enter the respective business premises in order to do so. In keeping with standard international practice for financial sector regulators

under the Bill, the Commission can examine and review the financial affairs of market actors and SROs by conducting on-site inspections, whether or not there is a suspected breach of the Act. This is a marked departure from the SIA, which did not contain provisions of an equivalent nature.

Disclosures to the public, clause 33. Another important innovation introduced by this Bill is in the area of disclosures to the public. Currently, the Commission has an obligation to publish a list of all valid registrants in the *Gazette* by March 31 of each year. However, the existing SIA does not contain any provisions which impose a similar obligation regarding the public disclosure of documents required to be filed with it.

In keeping with the Commission's mandate of protecting investors, clause 33(1) of the Bill authorizes the Commission to make all documents or instruments required to be filed with the Commission under this legislation or any other written law, available for public inspection during normal business hours of the Commission or post same at the Commission's website. These provisions are intended to raise the level of information available to the securities market thereby increasing transparency, efficiency and fairness.

Settlement assurance fund Bill, this is clause 48(2). Another area of reform will address the establishment and maintenance of settlement assurance funds. Settlement assurance is a means through which a central depository can continue to operate and function even in the event of a failure to pay by one of its participants. In this regard, under the Bill, a clearing agency is required to maintain a settlement assurance fund to address the failure by any of its participants to deliver securities or moneys.

Classes of registrants/market actors, this is under clauses 52, 53(1) and 54(1). Another innovation is the classification of market actors and participants which has been simplified, with security companies no longer constituting a separate category. Under clause 52(1) of the Bill, persons can be registered as:

- a broker-dealer, which now includes brokers, dealers and securities companies;
- an investment adviser; or
- an underwriter.

Under the Bill, a trader is treated as a representative of the broker-dealer. Additionally the term "registrants" has been replaced with “market actors”.

Furthermore, clause 52(2) of the Bill contains new obligations for directors, senior officers and employees of a market actor to obtain registration. Registration of individual participants in the securities industry is a basic component of the regulatory structure in almost all developed securities market and gives a regulator the opportunity to supervise the individuals who actively engage with the public in the securities markets.

Refined disclosure obligations, Part V. The Bill substantially improves, refines and strengthens the regime for the reporting of securities by issuers. It also allows investors to access accurate and timely information, as it relates to:

(1) Changes in the issuer's address, the identity of directors and senior officers, the termination of employment of directors and senior officers, commencement and termination of employment of registered individuals and new branch offices. This is contained in clause 57(4)(d).

(2) Material changes in the issuer's affairs. This is clause 66.

(3) Certification of after annual audit comparative financial statements, clause 67.

(4) Interim financial statement on a quarterly basis, clause 68.

(5) Annual management discussion and analysis in respect of issuer's annual financial statements, clause 70.

(6) Mandatory proxy solicitation for all reporting issuer, clause 71(1).

(7) Disclosure by a person connected to an issuer of any beneficial interest, which he processes in share capital, clause 139(1).

Financial reports must also be prepared in accordance with international financial reporting standards.

Collective investment schemes, clause 64. Defining the mandate of the Commission, the Bill has given the Commission clear and direct regulatory oversight of collective investment schemes. Reporting issuers, which are collective investment schemes, are required to comply with all disclosure obligations contained in Part V of the Bill.

Distribution offers to the public, Part VI. The concept of an offer to the public in the SIA has been replaced by that of a distribution, which will apply to all issues of securities and thereby make them subject to regulation.

Under clause 76 of the Bill, all persons are required to file a prospectus with the Commission and receive a receipt for same before making a distribution. However, issuers may be given specific exemptions from the prospectus

requirements under clause 82 of the Bill, where it may not be considered necessary. The Bill also grants an exemption from the prospectus requirements to foreign issuers on the basis that they are subject to oversight in a designated foreign jurisdiction, subject to their compliance with the requirements of clause 83 of the Bill and the by-laws to follow the Bill.

The term “accredited investor” replaces “sophisticated purchaser” in clause 75(2). This Bill also introduces at clause 84, the concept of a whole period, which is the time during which any subsequent trade in a security issued under a prospectus exemption could not be made again, without the filing of a prospectus or the use of a subsequent prospectus exemption. This provision is necessary to ensure the securities that are issued on an exempt basis are not immediately resold to the public in a transaction which would, in effect, be a “sham transaction” aimed at getting the securities into the heart of the public without a prospectus.

Market manipulation offences, clauses 94—97. The provisions of the existing Securities Industries Act, which prohibit market manipulation are inadequate to address potential type of market misconduct which may occur.

The Bill also includes provisions which will permit effective prosecution of offenders. While the SIA provision on market rigging only prohibits the creation of apparent trading activity, it does not address the creation or maintenance of artificial prices on a securities exchange. This has been rectified by clause 94 of the Bill.

Clause 95 of the Bill also creates new offences pertaining to price rigging, which are not specifically caught under the existing SIA. The SIA prohibition on inducements to trade in securities by the dissemination of certain information only proscribes misrepresentation which will cause the price of security to rise or fall.

Clause 96 of the Bill is broader and prohibits making any misrepresentation to induce a purchase or sale of a security. Clause 97 of the Bill creates a new offence, which prohibits the manipulation of prices on a securities exchange. Further, clause 99 of the Bill prohibits excessive trading by a market actor over an account that he controls. This prohibition is designed to address churning in client's accounts, which is the practice of buying and selling securities for the purpose of making additional commissions for the market actor.

Restrictions on recommendation, clause 101. Clause 101 of the Bill provides another enhancement to the regulatory regime for securities. Currently, the SIA prohibits a registrant from recommending a trade in a security to a customer unless he has reasonable grounds to believe that the use recommendation is suitable for the customer.

[HON. K. NUNEZ-TESHEIRA]

Clause 101 of the Bill elaborates on this as it provides that market actors must not recommend any trade in a security to any customer unless the security is suitable for the customer and he discloses in writing all conflicts of interest and potential conflicts of interest, which he may have in respect of the security or issuer. Investors should be provided with all information necessary to make an informed investment decision.

Insider trading, clauses 4(3), 103, 104 and 139. The insider trading provisions have been clarified in the Bill. The existing definition of a connected person in the SIA is restrictive and requires a subjective assessment. The provisions lack clarity and are so technical that it is difficult for individuals and regulators to determine who is prohibited from trading and what market activity is prohibited. The regulation of insider dealing has been simplified and clarified under the Bill. Consistent with international standards, the definition of a connected person in clause 4(3) of the Bill is precise and objective. All ambiguity has been removed as to whether or not and to what circumstances connected persons are prohibited from trading.

Clauses 103 and 104 of the Bill set out the insider trading prohibitions clearly. They prohibit connected persons from directly or indirectly buying or selling or otherwise trading in securities on the securities exchange or otherwise and from counselling or procuring any person to engage in such trade.

Further, clause 104 prohibits connected persons from disclosing price-sensitive information to third parties. That is tipping. Other than in the ordinary course of business, clause 104(2) there would, therefore, no longer be any need to establish that the person disclosing the information knew or had reasonable grounds to believe that the information would be used for trading purposes as currently obtains under the SIA. Under the Bill, a person is not presumed to have traded with knowledge or possession of unpublished price-sensitive information unless shown to the contrary, clause 109.

Section 124 of the existing SIA provides several exceptions to the proscription on insider trading, which are inconsistent with the objective of regulated insider trading since they permit insiders to trade with knowledge of unpublished price-sensitive information.

2.15 p.m.

For instance, Mr. Speaker, section 124(a) of the SIA provides that insider trading is not prohibited unless the trading was with a "view to the making of a profit or the avoidance of a loss". This therefore permits trading with the benefit of undisclosed price sensitive information in certain circumstances.

Mr. Maharaj SC: I wonder if the hon. Minister would give way? Thank you very much, hon. Minister. On insider trading, could you indicate whether, since you became the Minister of Finance, you became aware of any reports in which there were alleged insider tradings, which contravened the provisions of the existing law, and if you did, whether any action was taken in respect of that.

Hon. K. Nunez-Tesheira: The short answer is no. This therefore permits trading with the benefit of undisclosed price sensitive information in certain circumstances. This has the effect of creating serious enforcement difficulties since it is difficult to establish motive or what is in a person's mind. Accordingly, these provisions have been deleted from the Bill. The standard of fairness should be that persons who have access to undisclosed price sensitive information should not be able to use that information for their personal benefit and to the detriment of other investors, under any circumstances.

Under the SIA, the price sensitive information is defined as unpublished information which, if generally known, might reasonably be expected to materially affect the price or value of securities. Clause 4(1) of the Bill employs a simplified and more objective means of determining whether information is unpublished price sensitive information in that, in relation to securities of a reporting issuer, it is any material fact or material change that has not been published. The terms "material fact" and "material change" are also defined under clause 4(1) of the Bill. This, therefore, constitutes a departure from the uncertainties involved in examining price fluctuations after trading has occurred to determine whether an offence has been committed.

Under the SIA, enforcement against corporate bodies is difficult since there is a need to establish that these entities actually knew or had possession of the unpublished price sensitive information through individuals. This difficulty is addressed by the introduction of a presumption under clause 109(b) of the Bill which provides that companies are fixed with knowledge of price sensitive information when it comes into the knowledge or possession of any director, senior officer, partner or employee. It is standard international practice to require insiders to report their ownership of, and transactions in, securities of issuers of which they are insiders.

Clause 139 of the Bill introduces a requirement for connected persons to report their holdings in securities of the reporting issuer with the Commission within five business days of first becoming connected to a reporting issuer and thereafter within five business days of every subsequent trade in securities of the reporting issuer. A copy of the report would also be required to be sent to the reporting issuer.

Civil Liability: Part X. Mr. Speaker, another area of reform is the application of the standard for civil liability in insider trading and other market manipulation offences. Statutory private rights of action are provided in the United States and the concept is becoming increasingly accepted in other jurisdictions. Persons who may have suffered a loss as a result of insider trading, other market manipulation offences, misrepresentations in offering documents and breaches of conflict of interest provisions now have the right of civil action and the ability to seek compensation directly from the persons who have contravened the Act. The elements of these offences would only need to be proven on a balance of probabilities, which is far more likely to be achieved than the criminal standard.

Penalties and Enforcement: The Commission will also have available to it increased enforcement powers and higher penalties for breaches of provisions of the Bill as follows:

Clause 61(2): Failure to register as a market actor. The Bill creates an offence where a person fails to register as a broker-dealer, an investment advisor or an underwriter in accordance with clause 52. In such a case, a person will be liable on conviction on indictment to a fine of up to $2 million and imprisonment for two years.

Clause 105: Insider Trading. Under the SIA, penalties for breach of provisions in respect of insider trading are a fine of $200,000 and two years imprisonment on indictment and a fine of $50,000 and six months imprisonment on summary conviction. Under the Bill, sanctions for breach of the insider trading provisions are only imposed by way of conviction on indictment. The minimum penalty in such a case is the profit made or loss avoided and a maximum fine equal to the greater of triple the profit made or loss avoided by him and $2 million and to imprisonment for two years.

Clause 147: Market Manipulation. The SIA does not impose a specific penalty for certain market manipulation offences, but creates a general offence where a person knowingly or recklessly contravenes a provision of the Act. Such a person is merely liable on summary conviction to a fine of TT $50,000 and to imprisonment for one year. These provisions are inadequate to address the potential types of market misconduct which may occur and permit effective prosecution of offenders.

Clause 102 of the Bill creates specific offences for market manipulation actions. The penalty for these offences is now by way of conviction on indictment, with a fine of $2 million and imprisonment for two years.

Clause 141: Reporting by persons connected with issuers. The SIA creates an offence where a person is in breach of the provisions concerning connected persons who knowingly or recklessly make false statements or fail to supply certain particulars. Clause 141 of the Bill adds to this the offence of knowingly filing a false report. The proposed penalties for failure to report or for filing a false report under Part IX of the Bill are more substantive.

Under the SIA, a person who is in breach of the provisions concerning connected persons is guilty of an offence and is liable on summary conviction to a fine of $10,000 and to imprisonment for three months or on conviction on indictment to a fine of $20,000 and to imprisonment for six months. Clause 141 of the Bill increases the fine and upgrades the penalty for this offence to conviction on indictment, with a fine of $500,000 or to imprisonment for six months.

Power to impose increased penalties after a hearing. Under clause 153(1) of the Bill, where the Commission has determined upon the conclusion of a hearing that there has been a contravention of the Act or by-law or an Order made by it, it may order the payment of a fine of not more than $500,000. This is a marked increase from the $50,000 fine payable under the SIA in similar circumstances.

Further, clause 153(3) of the Bill states that a person who contravenes the Act or the by-laws solely by reason of his failure to file a document or instrument within the time frame prescribed shall be liable to pay a penalty of $1,000 per day for each day that the instrument remains outstanding. The Commission would possess the ability to impose this penalty under clause 153(3), without the need to conduct a hearing, and may make an order for the period beginning on the day following the expiration of the prescribed period, until the penalty is paid.

Clause 73: Disclosure obligations of reporting issuers. Mr. Speaker, the SIA deals with the filing of annual reports but does not create specific offences or penalties for contraventions of this provision. Clause 73(2) of the Bill is thus designed to encourage senior officers of a reporting issuer to remain vigilant with respect to their disclosure obligations. Clause 73(1) makes it an offence for a reporting issuer to contravene the Commission's reporting requirements or make a misrepresentation in any document filed with the Commission or security holders. A guilty person is liable on indictment to a fine of $1 million.

Clause 73(2): Further, where a reporting issuer is convicted of an offence under clause 73(1) of the Bill, senior officers who knowingly authorized, permitted or acquiesced in the offence are also liable on conviction on indictment to a fine of $500,000 or imprisonment for two years. The Commission may also

order, pursuant to clause 73(4) of the Bill, that such person be prohibited from being a director or senior officer of a reporting issuer for a maximum period of five years.

Further to this, clause 73(5) of the Bill makes it an offence for an auditor to knowingly make or provide a false or misleading audit report in respect of the comparative financial statements of a reporting issuer. The Commission may also issue an order, prohibiting the auditor from being an auditor of a reporting issuer for a maximum period of five years. This is clause 73(6).

Increased By-Law Making Powers. The final area of reform which I will be highlighting is the enhancement of the by-law making powers of the Commission. These increased powers will give the Commission the ability to respond quickly to developments in the market. This is provided for at clause 149 of the Bill.

In closing, Mr. Speaker, this House should note that securities markets are in a state of constant change and evolution. It is therefore vital that the regulation of the securities market remain in step with these developments. The changes to the current securities legislation as contained in the proposed Securities Bill will make Trinidad and Tobago's capital market significantly more attractive to investors, both foreign and local.

In other words, a capital market which conforms to international standards and which protects investors will encourage and therefore increase investment in Trinidad and Tobago. The legislation deserves full support.

I beg to move.

Question proposed.

Mr. Vasant Bharath (*St. Augustine*): Thank you, Mr. Speaker. The current global financial crisis that has engulfed us, almost tsunami like, over the last 12 months, and as the Minister said, the worst in recorded memory and certainly since 1929, has affected the strongest economies across the world and has threatened to plunge the economic system and economic order as we know it, into deep depression. It has led also, as the Minister said, to significant job loses across the world, and to the closure of many organizations across various spectrums, manufacturing, distribution, retail and the service sectors. It has also led to a decrease significantly in the lending capacity and the lending ability of banks and building societies, and very importantly, with regard to the Bill we are discussing here today, it has led to a lack of confidence by investors in capital markets across the world.

The priority therefore, Mr. Speaker, for legislators, is to restore confidence and to recapitalize the financial system so that markets can function effectively and efficiently once again. Indeed, companies and countries across the world need to refocus and redouble their efforts on issues like risk management, better governance, more regulation and certainly more responsible leadership. There can therefore, be absolutely no argument whatsoever, that in bringing legislation to this honourable House we seek to tighten regulations and protect investors.

Indeed, regulations exist because of the potential economic and social effects of major financial instability, the desirability of course, of maintaining markets that are fair and orderly, and the need to protect retail customers and consumers when they are dealing with the financial services industry.

2.30 p.m.

The Securities Bill, 2009, before us seeks to put in place the regulatory frameworks. If I am to quote, they are:

> "…to"—protect—"investors from unfair, improper or fraudulent practices; foster fair and efficient capital markets and confidence in the capital markets in Trinidad and Tobago and to reduce systemic risk; to cooperate with other jurisdictions in the development of fair and efficient capital markets..."

Mr. Speaker, this is in recognition of the fact that the existing Securities Industry Act, 1995 and its subsequent amendments do not adequately reflect the substantive changes that have taken place in the financial marketplace over the last few years, and of course the resultant systemic exposures both locally and internationally.

So, this Bill that we are debating here today, the Securities Bill 2009, actually does represent an improvement over the current Security Industries Act, 1995 and its amendments, which it seeks to repeal and to replace. Just for information—the Government's position would have been informed by the recommendations emanating out of the White Paper on the Reform of the Financial System in Trinidad and Tobago that was done in 2004. The following excerpt from the White Paper, ironically, is still valid today as it was in 2004, and provides a good summary of the financial industry and the financial landscape in Trinidad and Tobago today. I quote from that report which says:

> "Notwithstanding the significant strides that have been made in developing and strengthening the financial system, there still exist a number of weaknesses in the legislative, regulatory and supervisory frameworks and a

need for the consistent application of financial standards. These weaknesses must be addressed if the goal of becoming a Pan-Caribbean Financial Centre is to realized.

While institutional changes and legislative reforms have been implemented and updated for the banking sector, the legislative framework for the rest of the industry needs to be modernized. The existing legislation does not provide the regulatory authorities with adequate powers to regulate and supervise the financial sector in accordance with internationally accepted standards."

It goes on, Mr. Speaker:

"The existing regulatory the supervisory framework is fragmented and the system is now subjected to three different Regulatory Authorities - namely, the Financial Institutions Supervision Department, which falls under the umbrella of the Central Bank, the Commissioner of Co-operative Societies and the Securities and Exchange Commission - some more effective in their supervision than others. There is therefore"—this is the important aspect—"a critical need to upgrade the regulatory framework to provide for a single Regulatory Authority."

That was from the White Paper of 2004.

The White Paper also made recommendations to upgrade the legislation that governs the activities of credit unions in Trinidad and Tobago so as to more effectively take account of international standards at the international best practice as far as credit unions are concerned. The Government's absolute failure to deal with credit unions legislation to date deemed critical five years ago, critical of course because the current legislation has shown an inability to guarantee the protection of depositors and investors, has possibly resulted in immense losses to a very large number of very poor people.

I want to state categorically here today that the failure of the Government to properly regulate that industry has resulted in the possible loss of lifetime savings and significant hardships to a vast number of people, many of whom are in the twilight of their lives. [*Desk thumping*]

The Hindu Credit Union collapse did not need to happen and by failing to act speedily and swiftly or failing to act at all, this Government has cemented the death of the hopes, the dreams and the aspirations of thousands of our citizens, many of whom, unfortunately, happened to be ex Caroni workers. I see depositors and shareholders of the Hindu Credit Union on a very frequent basis in my office,

many of whom stand to lose all of their life savings if the credit union is allowed to go under. Many are sick, many are disabled; they are bedridden and they are unable to access their funds that would allow them to live their last days in peace and in dignity.

This Government can no longer afford to wash its hands of its responsibility, it can no longer afford to look the other way, unless, of course, they want to be accused of orchestrating the demise of the credit union for some ulterior motive.

I call again on the Government today, as I have done in the past in this House, to make good all losses suffered by the shareholders and depositors of the Hindu Credit Union, who would have deposited their money in an organization, in good faith, in the belief and knowledge that they were depositing their moneys and their life savings into an organization that was being properly monitored and regulated by the responsible authorities. [*Desk thumping*] This was not the case, Mr. Speaker. It is absolutely no fault of these depositors and they should be reimbursed forthwith for the Government's lack of oversight in this matter. [*Desk thumping*]

The Securities Bill 2009, is an exhaustive piece of legislation, all 164 clauses of it, designed to repeal and replace, as I said, the Securities Industry Act passed in 1995 and amended in 2000. In principle, one cannot argue with the need for tighter regulation. The issues, really, are those of independence and execution. One of the critical requirements of an effective and functional SEC is the need for impartiality and most importantly, the need for independence.

In this country, we have had the misfortune of witnessing the blatant abuse of office by this Government in the manipulation of at least two Commissions which were supposed to be independent but were used by this PNM administration to further its own political agenda.

Do you remember, Mr. Speaker, the unsubstantiated allegations made by the Prime Minister against a sitting Member of Parliament—a Member of this House? Do you remember the Integrity Commission having launched the investigation into these allegations, which many people, including the accused felt it were vexatious and were politically motivated? When the complicity of the Integrity Commission was revealed, the entire Commission had to resign, every single one of them had to resign.

I do not need to remind Members of this House and remind the population that it was that very same Integrity Commission which selectively took legal action against the Leader of the Opposition, studiously and steadfastly ignoring the fact that over 200 other persons including known PNM activists had similarly not adequately filed their declarations. In fact—and I stand to be corrected if I am wrong—

that 200 included former Attorney General Glenda Morean, subsequently High Commissioner to London and the current incumbent Attorney General Mr. John Jeremie, who also followed her to St. James Court in London. [*Interruption*] I gather, he like the last Attorney General has recently submitted his resignation. Maybe when the Minister stands up to respond she can comfort the population by assuring us that that is actually the case. [*Desk thumping*] That is not independence! That is not Independence, Mr. Speaker! [*Crosstalk*] That is Government's manipulation.

Dr. Browne: Shame on you! You should bow your head in shame.

Mr. V. Bharath: Mr. Speaker, you see why it is so important that the SEC must be independent of Government's interference and influence. But that is not all. The Police Service Commission—you will remember—has been all but emasculated by the actions of this Government. Unable to manipulate the PSC, the Government used its parliamentary majority in this House to disregard the recommendations of the PSC, and to elevate to the post of Acting Commissioner of Police, an individual who had actually failed the interview for top post. We will all remember these headlines. [*Holds up newspaper*] "Williams blanked by PNM". The *Guardian* of Saturday, July 05, 2008. On the inside pages is the Hon. Member for Diego Martin North/East starring again—

Mr. Imbert: Me again!

Mr. V. Bharath: "Selection process flawed. Imbert rejection of Stephen Williams as COP. The same newspaper goes on to say— I do not know how true this is—"the current Acting Commissioner of Police did not pass a lie detector test". That is what it says! [*Interruption*]

This is the man who has been appointed, who was allowed to bypass the selection of the Police Service Commission, a man who apparently was not qualified, according to the Police Service Commission; this is a man—[*Mr. Imbert raises hand*]—Not you! [*Laughter*] You are not a man. [*Laughter*] This is a man that they shoved down the throats of the population, just like the Prime Minister has shoved down the throats—

Mr. Imbert: Mr. Speaker, Standing Order 36(1), I cannot see the relevance of this.

Mr. Speaker: I think the Member was trying to get your attention to show some relevance.

Mr. V. Bharath: Mr. Speaker, the relevance of this all is Government's interference in these commissions, because these commissions will not be allowed to do their work with the continued interference of the Government. [*Desk thumping*] It

is pointless our coming to this honourable House and passing all of these laws when the people in whose hands we put the laws to ensure that they carry them out do not have the power or the teeth to do it because of the interferences, and I shall continue to show that throughout this contribution this afternoon. [*Interruption*]

They shoved the second choice effectively down our collective throats just like they shoved down our throats—as he is affectionately called—the Minister of "Insecurity", the Minister of "Ill-health" and the Minister of "Virtually nothing works". Virtually, I did not say "nothing". Virtually. I will give you a little credit.

Mr. Imbert: Do not ask me for help again. [*Crosstalk and laughter*]

Mr. V. Bharath: But seriously, Mr. Speaker, now we see the results of Government's usurpation of the Police Service Commission. The streets of this country are running with blood, running red with the blood of our citizens—280-odd people already murdered this year and counting. Hundreds of our citizens—none of us can feel comfortable about that. Hundreds of our citizens every week raped, robbed, assaulted. The woefully understaffed and underequipped police service is overwhelmed and overrun by a sea of crime now affecting this country.

Public confidence in the police service is at an all time low. In fact, Mr. Speaker—

Mr. Imbert: Mr. Speaker, Standing Order 36(1), not relevant.

Hon. Member: I find so.

Mr. Ramnath: That is not for you to decide.

Mr. Speaker: Well, I think the Member on the second rising, perhaps, is getting closer to the point. Please, come back to the Bill before us! I did think you were relevant about the Commission, you were perfectly relevant there.

Mr. Imbert: Third time and you are out.

Mr. V. Bharath: Mr. Speaker, these are the issues that affect the lives of the people of Trinidad and Tobago on a daily basis. There is no point in us having a very functional, efficient capital market and there is no one to go to work to the Stock Exchange Commission because they cannot go there because they have been murdered, or they cannot get there because of the traffic jams, or they cannot get there because they cannot have a shower in the morning because there is no water. [*Interruption*]

Mr. Speaker: All that is not relevant to the Bill, but continue.

Mr. Imbert: Irrelevant! [*Laughter*]

Mr. V. Bharath: Mr. Speaker, there are times that I fear that there is no hope. Every year since this PNM Government has been in power, every time, every year the Prime Minister has promised a reduction in crime and every year the murder rate has increased.

2.45 p.m.

Mr. Imbert: Mr. Speaker, Standing Order 36(1). Shame on you! Relevance.

Mr. Speaker: No. Yes, I think the Member has undertaken to get to the point, immediately.

Mr. V. Bharath: Yes! Yes! They know what is coming, you see. Mr. Speaker, instead of dealing with the issues that affect and confront our population on a daily basis, they seem intent on fiddling with the independence of these commissions.

Mr. Speaker, the Prime Minister's proposed constitution is very clear about what he wants to do with these commissions—I do not know if they have had the opportunity across there to read it—it seeks political control of these commissions that we have long deemed to be independent, and this is why I have raised the issue of the need for the SEC, not only to be independent, but to be seen to be independent. [*Desk thumping*] There should be no loopholes. There should be absolutely no loopholes that will allow the Minister of Finance to creep in and exert our authority. There should be no room for any allegation whatsoever, that the Minister has abused her position as she did in another place with regard to the CL Financial fiasco, which is yet to be unresolved—[*Interruption*]

Mrs. Nunez-Tesheira: Mr. Speaker, Standing Order 36(5), imputing improper motives.

Mr. Speaker: Yes, I think you did transgress. I know you did not mean it.

Mr. V. Bharath: I said "alleged". I see I am going to be up and down most of the afternoon, Mr. Speaker—and herein lies my problem, even with the previous legislation. When a Government has demonstrated its willingness to tinker with the rules when it suits them—and it has done so, of course, on many occasions as we know—the legislation must close all the gaps to prevent any such manipulation.

I see in this legislation, the tremendous involvement of the Minister of Finance and I have become very anxious and very fearful. In fact, in clause 10(4) and I quote:

> "…the President may, on the advice of the Minister, appoint not more than three persons with such expertise"—as the Minister was talking about earlier—"as may be required by the Commission, to act as temporary Commissioners..."

However, clause 15 states that the quorum at any meeting shall be three. So therefore, the possibility exists that a meeting of the Commissioners of the SCC can be held with only three members that the Minister has appointed—an entire meeting can be held.

Clause 14—the Minister, an official or employee of the Government can access confidential information dealing with companies and transactions. Does this not scare us? We have already witnessed what the Minister of Finance can do when she is placed in a position of responsibility and confidentiality.

Clause 17 and I quote:

> "The Minister"—of Finance—"is entitled, upon request, to have access to the minutes of the Commission or a committee thereof, and to receive from the Commission a copy of…those minutes."

Clause 22 gives the Minister the power to determine the terms and the conditions of employment of the General Manager of the SCC, and her permission is also required for the Commission to appoint its Chairman or General Manager as the SCC's Chief Executive Officer. Who will the General Manager beholden to, Mr. Speaker? The General Manager of the SCC, if his terms and conditions are determined by the Minister of Finance, who is he going to be beholden to? Can we really trust this kind of information in the hands of this Minister of Finance?

Mrs. Persad-Bissessar: No way.

Mr. V. Bharath: I think not. You see, despite clear evidence, this Minister misled the Parliament with the Clico issue, and we want to also understand why it is that she has not maybe been referred to the Privileges Committee for misleading the House. [*Desk thumping*]

Mr. Speaker: It is not parliamentary to accuse a Member of misleading the House. What you can do is file the appropriate Motion to deal with that, but it is not parliamentary to accuse a Member for misleading the House.

Mr. V. Bharath: I apologize, Mr. Speaker, and I apologize to the Minister—[*Interruption*]

Mr. Manning: [*Inaudible*]

Mr. V. Bharath: No, no, no. I assume that was given based on the discussions in this House several months ago, when it was proven beyond a doubt, but I acquiesce to your ruling, Mr. Speaker.

Mr. Speaker, lest we forget—and we must not lose this thought because I want to reiterate our party's position on this matter—I want to repeat with our party's position. That is, the Minister we said, at the time, must resign and that remains our position. [*Desk thumping*] The Minister of Finance must resign. That was supported—I remember very clearly an online poll was done for one of the newspapers, where 81 per cent of the respondents also felt that that should have been the case. And as we are on that matter, I just want to also try to understand what has become of the matter regarding the Minister of Finance, where the acting DPP had stated that this matter had been sent for investigation. What has become of that investigation? I remember my colleague the Member for Siparia, the hon. Kamla Persad-Bissessar, had made mention of that in this honourable House, that the Assistant DPP had agreed that this matter was referred and was going to be investigated. We wondered what has happened—

Mr. Speaker: I think there is a Motion before the House dealing with that issue, and that may be the appropriate time to deal with issues dealing with the Minister. The Bill before us really does not deal with the Minister.

Mr. Ramnath: As a leader of the country she is supposed to declare her assets at the CL Financial.

Mr. V. Bharath: Mr. Speaker, if you say that matter is before the House, I will leave it, but we just wanted to ensure that matter is not also swept under the carpet like other matters this are being dealt with by this Government. We also want to ensure that it is not because of political interference that a number of other matters that should be investigated, are not being investigated.

You know, the Attorney General, Mr. John Jeremie SC, self-appointed corruption buster has stated that he is here, back in Trinidad, on the job to do a job and that nothing will stop him from corruption busting, as he said. But we have not heard anything since he has come back. What has happened to the people who, for example, have been identified in the Uff Commission of Enquiry? What has happened to those? Why have they not been investigated? So you see I am of the view that we cannot trust this Government with the kind of powers that this legislation gives them and it offers to them, especially as we have already seen how they abused their office. Let me also say for the record, that I am well aware that the existing legislation contains the same or very similar provisions, but was certainly drafted, of course, before the kind of state-sponsored and sanctioned corruption we are seeing today.

Mr. Speaker, I am of the belief with regard to this particular legislation, that the Parliament should establish the criteria and the operating parameters for the

Commission and for the Commissioners, and thereafter, the involvement of politicians and the political appointees in the operations of the Commission should cease with immediate effect. Let us attempt for once to create in this country, a truly independent Commission, free of political interference. Certainly, there is a need obviously for the Commission to report back to Parliament and to account for its action or lack thereof of its action, but let us fashion ourselves along the lines that the United States or the United Kingdom Securities Exchange Commission, in terms of independence and in terms of operational procedure.

Mr. Speaker, I want to come back to this issue of independence and interference because it is very important for the efficient functioning of the Securities Exchange Commission. If ever we doubted the potential for abuse of office under this Government, I recommend that you read yesterday's daily newspapers. If you have not, I have a copy here by chance, of course, and I want to just show you some of the headlines—and I am glad the Prime Minister is here—because on the *Guardian* yesterday, the headline is "Blows for Manning. Loses two cases in the Appeal Court." In the daily *Express*, "Double blow for PM," and in the *Newsday*, "Public Servants win their appeals after ′unfairly treated′ by the PM".

Mr. Ramnath: You want to be Speaker of the House, go and sit down on the Chair.

Mr. V. Bharath: These stories reveal—and unfortunately, Prime Minister, I do not get any joy in saying that here today—for the umpteenth time, the Prime Minister's interference in the appointment of members of the public service, and along with other cases, that of the Devanand Maraj—[*Interruption*]

Mr. Ramnath: You attack on Indians in particular.

Mr. Manning: Mr. Speaker, I thank the very distinguished Member for St. Augustine for giving way. Did the issue arise out of the exercise of a veto power accorded to the Prime Minister by the Constitution of Trinidad and Tobago, or is it out of some other consideration?

Mr. V. Bharath: Prime Minister, only you are in a position to tell us which.

Mr. Manning: If you know that is not true. There is a case— You heard the headlines, did you read the article at all then?

Mr. V. Bharath: I did. I did.

Mr. Manning: Well, then talk the truth "nah" man. That is what we are here for.

Mr. V. Bharath: Well, anyway. A similar issue accrued, Mr. Speaker, with the issue of Devanand Maraj and Marlene Coudray, but the Prime Minister again interfered, this time in another commission, the Public Service Commission.

So, Mr. Speaker, from Prime Minister to Minister of Finance, from captain to cook, this nation cannot afford to place unchecked power in the hands of this Government. It is also ironic that whilst attempting ostensibly to deal with the Tesheira-type scenario in clause 11 of the Bill, by requiring a Commissioner with a potential conflict—

Mr. Speaker: Do not say that and you know better, hon. Member. [*Crosstalk*]

Mr. V. Bharath:—whilst ostensibly attempting to deal with a situation—

Mr. Speaker: Order!

Mr. V. Bharath:—where gifts are given to Members of the Commission, by requiring a Commission with a potential conflict even if acquired by gift or will, to dispose of the interest or resign, the Bill turns around in clause 18, and narrows the definition of the word "interest", creating an easy loophole in the law.

Let me tell you what clause 18(4) says, Mr. Speaker, and I quote:

> "For the purposes of this section, a Commissioner should be deemed to have an interest to the matter if he, or his relative that resides in the same dwelling as the Commissioner, or his nominee, is a security holder or partner in, or an officer or director of an issuer having an interest or being involved in a matter before the Commission."

Mr. Speaker, this section seeks to improve what obviously exists in the current legislation. But does it really do that? Let me ask a question. For what period would the relevant person have to be resident in the same dwelling as the Commissioner in order for it to be an offence? A day, a week, a month prior to when the matter would have come before the Commission? Can a person simply move out the month before the matter is heard, whilst the matter is being heard, and then move back in after the matter has been heard to beat the system? And what is the reason for restricting a relationship to persons living in the same dwelling?

3.00 p.m.

What happens if the relative lives next door? Would that be okay? Who is the legislation trying to catch or not to catch?

In addition, also at clause 18, there is an inherited weakness that is coming forward from the previous Bill, when it says at subclause (5):

> "Any person who fails to comply with subsection (1) is liable on indictment to a fine of five hundred thousand dollars, unless he proves that he did not know that he had an interest in the matter which is the subject of consideration of the meeting."

How does one prove his or her innocence in this matter? How does one prove that he or she did not know? We have already seen cases in this House where government ministers, obviously no names called, [*Laughter*] did not know that they were operating under a conflict of interest, despite the weight of evidence against them. Is it that the Prime Minister just has to avow confidence in somebody, and suddenly there is no conflict of interest or that person is now deemed to be innocent?

Whilst the Prime Minister has no compunction whatever vouching for the characters of many of his ministers and people like Mr. Calder Hart, who he defends stoically, he spends a lot of time casting aspersions on others in our society, like the mother of the little girl who was recently murdered. Moreover, to whom does a person have to prove that he did not know? What does the procedure involve, the Bill does not talk about that? To whom does he have to appeal?

Very early on I noticed that the Minister said that the commission was to be made up of a Chairman and between three and seven commissioners, according to clause 10; no problem with that. The problem actually occurs a little later on when it states that the President of Republic of Trinidad and Tobago is the one who has to appoint these commissioners.

Clause 10 states:

"The Commission shall consist of:

> (b) not more than seven or fewer than three individuals from among persons who appear to the President to have wide experience and ability in legal, financial, business investment or administration matters, one of whom shall be an attorney-at-law of at least ten years standing."

Who advises the President on these appointments. Is it the same person who advised him on the Integrity Commissioners? We do not know; it does not say.

If you remember the President had stated that he did not have anyone to advise him on the appointments to Integrity the Commission.

Mr. Speaker, the fact that this country has been without an Integrity Commission for the last six months is because the very President, who we are asking to fill the positions of SEC commissioners, has failed to appoint commissioners to the Integrity Commission; the same gentleman, the same person. It is now, of course, a matter of public record that the Integrity Commission board resigned, en masse, in February, when the High Court ruled that the Commission:

> "…was guilty of misfeasance in public office and acting in bad faith without care for whether it breached the rights of the plaintiff or whether its actions were illegal."

That was what the High Court said—doing somebody's bidding effectively; all in its pursuit of former PNM Minister, Dr. Keith Rowley. In effect, the High Court found that the integrity commissioners were essentially lacking the very integrity that they were supposed to be policing.

It should also be noted that in an article in the *Guardian*, headlined:

"Jeremie almost set me up"—

Mr. Manning: Why do you not leave Jeremie SC alone?

Mr. V. Bharath: The same Member, Dr. Rowley, in that article said that if he had taken the advice of the Attorney General, it could have ended his political career. What I am trying to show here is a scenario of continual and continuous interference in the institutions of our country that prevents it from operating in an efficient and effective manner.

It is also a matter of public record that after an inordinate delay on the part of the President that the more recent appointments to the Integrity Commission also collapsed, issues that were never explained by the President. [*Interruption*]

Mr. Ramnath: He cannot even appoint an Independent Senator.

Mr. V. Bharath: And there continues to be all kinds of allegations and explanations about the scandal which followed the resignation of these members of the Integrity Commission.

Mr. Speaker, I do not think that any right thinking member of this society could not have felt a great deal of sorrow when we heard the stories, for example, from Justice Zainool Hosein. [*Interruption*]

Mr. Speaker: You are, in fact, straying again. Be careful how you bring the President into your contribution. You are straying.

Mr. V. Bharath: Thank you, Mr. Speaker. [*Crosstalk*] What we have been witnessing over the last several years is an actual dissolution in the strength of our institutions, because of continued interference by this Government. None of these institutions are likely to operate efficiently and effectively if this continues. They need to be independent institutions; they need to be allowed to run independently.

Mr. Manning: What do you mean by that?

Mr. V. Bharath: So when you have situations where the President of our country refuses to give explanations, when it is said in the public domain that the appointed Chairman of the Integrity Commission explained to the President, at the time, that he had plagiarized somebody else's work—

Mr. Imbert: Mr. Speaker, Standing Order 36(1), Standing Order 36(10).

Mr. V. Bharath: How many more?

Mr. Speaker: I think it is becoming very obvious, hon. Member, that you are, in fact, straying. I am trying to give you all the protection I can, because sometimes it takes a little longer to come to a point. Some Members do take a little longer than others, but I am appealing to you, try to get to the point very quickly. [*Crosstalk*]

Mr. V. Bharath: Let me put it in perspective for the honourable House. I come back to the Integrity Commission. It is mandated to ensure the compliance with certain rules and regulations with regard to the conduct of Members of Parliament and members of boards of directors, among others. We have no functioning Integrity Commission, but this is a commission appointed—[*Interruption*]

Mr. Speaker: Then you could talk about the T&TEC Commission, so no.

Mr. V. Bharath: The point I am making is that the Securities and Exchange Commission is similarly charged with the mandate to ensure the existence of a level playing field, as far as the capital markets are concerned, for the elimination of unfair practices, improper practices and fraudulent practices. The point I am getting at is that we cannot afford to have a similar vacuum with the SEC commissioners as we do elsewhere with the Integrity Commission, and we are leaving this in the hands of the President. That is the only point I am making.

Mr. Speaker, I will move on to another issue, because one of the main objectives of this Bill is to foster fair and efficient capital markets and to provide protection for investors.

The Minister of Energy and Energy Industries is on record in the *Daily Express* of Wednesday, July 08, stating that this country had lost out on investments in the energy sector to the tune of $700 million, because three companies had chosen not to follow through with their proposals. The local stock market has fallen in value by over 50.5 per cent, in the first six months of the year; trades are down; volume is down by over 50.5 per cent; value is down by over 25 per cent. Manufacturing is now seeing a complete slow down in a number of areas, with job losses and many plants in the energy sector having to shut down for unplanned maintenance. Despite, of course, the Prime Minister's boast of full employment, unemployment in Trinidad and Tobago is increasing, and we are now trying to create, through this piece of legislation, an investor friendly atmosphere, trying to iron out all the kinks in the market, so that we have a fair and equitable capital market.

As a direct result of the decline in commodity prices, there has been a significant decrease in the fiscal position of Trinidad and Tobago, a deficit of actually $2.9 billion in the first six months of 2009, compared to a surplus of $1.9 billion in the corresponding period for 2008; in reality, a decline of $4.8 billion. Inflation continues to run above 10 per cent.

Almost every civilized nation has issued travel advisories about Trinidad and Tobago, and this is the unstable environment, one with declining investor confidence, in which we are introducing the Securities Bill 2009.

When the Minister of Finance in her budget presentation last year made a big show of Government's pursuit of the International Financial Centre, which, of course, is all part of this whole package of legislation to encourage investors and create a financial environment that is properly regulated, the Government made a big "pappy-show" about the opening of this International financial Centre, even though in the last six or eight months several of the tenants who were supposed to have rented space and occupied the towers, are no longer in business and, therefore, have disappeared completely. [*Interruption*]

Mr. Speaker: Hon. Members, the speaking time of the hon. Member has expired.

Hon. Members: No!

Mr. Speaker: Order!

Motion made, That the hon. Member's speaking time be extended by 30 minutes. [*Dr. H. Rafeeq*]

Question put and agreed to.

Mr. V. Bharath: Thank you, Mr. Speaker. [*Crosstalk*]

Mr. Speaker: No, no; the Leader of Government Business is prepared to give you extra time, providing you really speak what is relevant. [*Laughter*]

Mr. V. Bharath: We on this side of the House had stated categorically, when the Minister of Finance had made the continued statements with regard to the International Financial Centre, that there were a number of issues which needed to be put in place, and a vast number of preconditions that were required before the International Financial Centre could come to fruition.

3.15 p.m.

In fact, this legislation was actually part of that. But in typical fashion this Government put the cart before the horse, paying millions to design the International Financial Centre. To construct the centre, they put in physical infrastructure long before the basic legislative framework was actually in place, long before there was any intellectual capacity available to be able to run this centre.

In fact, I read recently where the Minister, I believe, has now appointed, or certainly if the Minister has not appointed, Mr. Sam Martin has been appointed—Mr. Sam Martin, of course, Chairman of First Citizens Bank and Chairman of TSTT—to now scour the world to look for a CEO for the International Financial Centre, and now 10 months later after the Minister made here—[*Interruption*] Are you denying that? Oh. Ten months later after the Minister has made those statements, Trinidad and Tobago and the Government of Trinidad and Tobago is no closer to opening or establishing the IFC than they are to solving the problems of crime and other issues that confront us on a daily basis.

I just want to read a couple of press releases regarding the International Financial Centre and, of course, as I say, this is all part of a package of legislation, including the Securities Bill, that is required to create the environment that we need. The *Express* article of Saturday January 24, is entitled: "Towers still empty".

> "Government's vision of a billion-dollar International Financial Centre…has hit a snag: three months after they were opened in Port of Spain, the two brand new IFC Towers are still empty of global investment groups.
>
> The 22-storey towers, which dominate the capital city's skyline…and form part of the $2.4 billion ongoing International Waterfront Project."—is empty—"Since they had a soft opening in October, the Towers have not buzzed with financial activity and only Energy Minister Conrad Enill's office has occupied the space..."

And there are several articles with regard to comments made by the Minister. I want to ask the Minister today what is the current situation and status of the International Financial Centre? How much money has been expended by the Government on the International Financial Centre thus far and how much more money is going to be required by the Government before the International Financial Centre is established?

This Government continues to posture and to vacillate with regard to international finance and, of course, on economic issues with regard to the financial sector and at every turn their incompetence is demonstrated, and that is why, in the majority of cases—I cannot think of any at all—but this is why in the majority of cases this Government does not do any basic feasibility studies with regard to any of the projects that it is involved in. This IFC is probably no different.

Today, I challenge the Government to produce the feasibility study for any of the projects it has done recently. The water taxis; I challenge them to produce a feasibility study for the Waterfront project which includes the IFC; I challenge them to produce a feasibility study for the Rapid Rail project; I challenge them to produce a feasibility study for the Essar Steel Plant that is going up, and so on, and they cannot produce it because these studies simply do not exist. I say, with confidence, that these feasibility studies will not be produced because they do not exist.

You see, what this country needs is an SEC to overlook this Government. That is what they need, an SEC that will overlook this Government to ensure that these state-sanctioned projects that are ravaging our country's treasury, are halted and that the offenders are brought to justice.

There is another issue that relates to investor confidence in Trinidad and Tobago and will affect the capital market and that is the issue of foreign exchange. We have been told recently—and I have had a couple of calls where people have stated that there is a shortage of foreign exchange in Trinidad and Tobago, mostly from small and medium-sized businesses. They have complained they have to put in orders for foreign exchange because the banks simply do not have the amounts that they require and that on a daily basis the majority of people, in terms of cash, could only get between $1,000 and $5,000 and if it is a wire transfer they can get up to $10,000 but they have got to order it several days in advance. I just wondered if there was any specific reason for that or whether, in fact, people were just hoarding US dollars or whether there was any capital flight taking place, because, of course, all these issues will affect the smooth running and passage of our capital markets once this Bill comes into place.

But what of the old SEC? We know that the SEC has existed for, I guess, 19 years and only very recently the SEC completed its first ever formal trading investigation which involved the Mexican Cement Company, CEMEX, and our own company here in Trinidad and Tobago, Trinidad Cement Limited. In fact, the investigation found, and I quote:

> "Considerable evidence of unacceptable market conduct but the evidence was insufficient to meet the requirement of the law to prove intent or to overcome defences provided in the law."

According to the SEC's Chairman and Chief Executive Officer, Mr. Osborne Nurse, the commission took the advice of its legal advisors and closed the matter there. In other words, although there was evidence to show that there may have been some unfair trade practices, the SEC was not able to take it forward in proving a case against Cemex. And I am hopeful that the SEC will have the teeth to, not just put the legislation in place; I am hopeful that the SEC will have the teeth to ensure that these matters can be taken up.

I want to wind up in a few minutes but even before all of this took place, there were several instances—and the Minister talked about insider trade a little earlier on, because that is one of the areas where the Opposition is specifically concerned with this legislation. Prior to all of this taking place or quite some time ago, there were several members and friends of the Government who were able, for personal gain, to exploit the weaknesses in the law as it existed. But there was no investigation launched; there were no comments made by the Securities and Exchange Commission at the time. In fact, the Government appeared, for all intents and purposes, to be condoning the actions of these people. One such issue that engaged the attention of this honourable House was the incident in which the former PNM Treasurer, Mr. Andre Monteil, not only escaped with his unethical purchase of shares in the Home Mortgage Bank, but by colluding with his colleague and business associate, Mr. Calder Hart, and close friend, of course, and confidante of the Prime Minister, Mr. Monteil was able to profit to the tune of $20 million.

You will remember that in mid-November, 2008, the National Insurance Board headed by Mr. Hart repurchased a 43.5 per cent shareholding from Mr. and Mrs. Monteil of Stone Street Capital for the purchase price of $130 million, $20 million more than Mr. Monteil had actually paid for these shares just 18 months previously. To backtrack a bit, in March 2007, Mr. Monteil's company, Stone Street Capital, bought from the HMB, shares for $110 million, while Mr. Monteil was chairman of the HMB; himself unto himself.

On May 09, 2007, the Prime Minister, responding to the firestorm of criticisms in this House and from the public, advised that he had received a copy of a preliminary report on this matter. By August 17, 2007, the Prime Minister reported to this Parliament that Mr. Monteil had been cleared by the SEC and by the Central Bank and that the SEC found absolutely no reasons to consider insider trading.

The chairman of a company sells 43.8 per cent of that company to himself and the SEC found that there was no insider trading. No one asked how the Prime Minister was being furnished with the information with regard to the investigation into a matter, of course, where he as political leader of the PNM would have had a vested interest, not because he was involved in the transaction, but, of course, because Mr. Monteil was the PNM Treasurer at the time. But the reason that the Prime Minister had sight of that was simply because by law the SEC is required to provide information to the Minister of Finance and under the new legislation anyone that the Government authorizes can get this information.

So you see why I have such grave reservations and we have such grave reservations on this side about the potential for political abuse of the SEC. That is something that we need to look at, but that is how justice in this country works. In fact, you will remember that another highly placed PNM stalwart—in fact, a current Minister of Government has already been caught on tape boasting that the PNM takes care of its own. That is what he said on tape, and so they do.

Mr. Imbert: What is wrong with that?

Mr. V. Bharath: You are right. As the Member for Diego Martin North/East says, "nothing wrong with that".

Mr. Imbert: You “doh” take care of your own?

Mr. Ramnath: Not with taxpayers’ money.

Mr. V. Bharath: Mr. Speaker, this is the issue. Do you know who the directors of the Securities and Exchange Commission were when it investigated the PNM Treasurer and reported to the Prime Minister? Do you know who the directors of the SEC were when the PNM Treasurer at the time was allowed to profit to the tune of $20 million? When the Prime Minister came to this House and condescendingly boasted that the PNM Treasurer had committed no crime but, in fact, although he was troubled by the unethical nature of the matter he could do nothing because the SEC had cleared him, do you know who the commissioners were?

Tell me if you recognize any of these names: Mr. Osborne Nurse, Chairman; Mr. Vishnu Danpaul, commissioner, Dr. Sheldon Nicols, commissioner and Mrs. Brigid Annisette-George. Yes, openly PNM activist at the time, former chairman of the Diego Martin Regional Corporation for five straight years immediately before being appointed a commissioner of the SEC, Mrs. Annisette-George was appointed by the President to a body which was supposed to be independent of political influence and interference. Did she recuse herself when the SEC sat to determine the guilt or no guilt of Mr. Monteil?

So here you have Mrs. Annisette-George, having stated in her integrity forms that she was a member of the PNM, she was sitting in a position to investigate a high flying member of her own party and in a position to clear him, of course, of wrongdoing and nobody said a word. Let me make it very clear, I am not casting any aspersions whatsoever on Mrs. Annisette-George; none whatsoever. But we could all judge for ourselves. So a PNM highflyer is allowed to escape the clutches of the SEC. What happens next in the scenario? An SEC commissioner who supported a report freeing the then PNM Treasurer, gets elevated to the august position of Attorney General of Trinidad and Tobago; classic PNM philosophy: "You scratch my back and I will scratch yours." I tell you, this Government is corrupt to the core.

Finally, in August 2007, the Prime Minister told this Parliament that the Government would take steps to ensure that the shares of HMB, or now owned by Stone Street Capital, would be re-transferred at the same price of $110 million that Mr. Monteil had paid for them, but by November 2008, after the Prime Minister and his pals believed that the population had forgotten about the transaction, party hack, Mr. Calder Hart, front row participant in the PNM conventions, repurchased the shares at $130 million, a profit of $20 million.

3.30 p.m.

A profit of $20 million at a time when the prices of shares worldwide were plunging, he paid a premium for those shares. The Minister was right. The PNM really does take care of its own.

In conclusion, this legislation is absolutely necessary. I have no doubts whatsoever about that. But we have already seen similar legislation exploited by the PNM Government for their benefit. We simply cannot take the chance once more to have a situation where the legislation is compromised because of political interference. This Government has broken every promise it has made to the nation. No one trusts them either with implementation or with execution of any of

the legislation including the Securities Bill. Whether it is crime, the breathalyzer, the children legislation, local government election, this Government is both incompetent and impotent. [*Desk thumping*]

It is said that it is not the oath that makes us believeth the man, but the man the oath. This Government has demonstrated beyond the shadow of a doubt that it cannot and must not be trusted with unbridled power. The SEC to be truly effective must be independent. As it is presently configurated, I have shown that that is not the case. There are inherent weaknesses and dangers which this Government is likely to exploit for its purposes.

This is a significant piece of legislation which requires a special majority of both Houses of Parliament. In the circumstances therefore, I suggest that this Bill be referred to a joint select committee to review and deliberate on the legislation and then to present a final version which will receive the benefit of full ventilation, discussion and consultation on this piece of legislation.

In conclusion, I refer this honourable House to the recommendation of the White Paper of 2004, regarding the critical need to upgrade the regulatory framework to provide for a single regulatory authority. In this regard, I mentioned this before, I ask that the Government look at the Financial Services Authority (FSA) in the United Kingdom with regard to applicability to the domestic financial service. The FSA in the United Kingdom is an independent non-governmental body limited by guarantee and financed by the financial service industry. It regulates the financial services industry and deals with a broad range of organizations involved in the management of money, banks, credit cards, insurance companies, credit unions, stockbrokers and investment funds.

The point is that the drafting of legislation is good. We agree and support the drafting of legislation that protects investors and depositors in Trinidad and Tobago. Implementation is paramount if the drafting is to be of any value. It is pointless to show up one part of the financial sector, but leave a significant portion exposed to manipulation and mismanagement. There is much wisdom in the old age that history is an imperfect guide to the future, but is the only one that we have. Let us please learn from our mistakes so that our time in this place is put to good and productive use for the benefit of all the people of Trinidad and Tobago. [*Desk thumping*]

The Minister of Community Development, Culture and Gender Affairs (Hon. Marlene Mc Donald): Mr. Speaker, I have listened to the Member for St. Augustine. I must admit that you are an eloquent speaker. Yes you are and I am

being honest. Member for St. Augustine, you have not yet addressed the Bill. [*Desk thumping*] I sat and I listened. I could not understand why you were not speaking to or addressing the new provisions. If anyone outside in the national community is listening to this debate, he or she will not understand what we are talking about. Exactly what are we speaking about?

The Member for St. Augustine said that he has absolutely no argument with bringing legislation to tighten and strengthen the financial sector. He said that there is no argument with laying this Bill before Parliament this afternoon. He said that there is need for independence. There is too much of Government's interventions, interference and fiddling. That is the type of language he used. The legislation must close the gap from Government's interference. He cited clauses 10 and 22 which spoke about the general manager being hired on the advice of the Minister. He spoke about clause 17. [*Interruption*] You cited those for your fiddling, Member for St. Augustine. That is all you did.

You made one point. He went on to state that Parliament should establish the parameters for the commission to operate within. I too, could go through this Bill and show you many sections where the intervention of the Minister was removed. You have not gone through the Bill so you would not know about these new changes. [*Desk thumping*]

By and large, I get a sense that the Member for St. Augustine is in agreement with this legislation. He just made one point. That is about government's intervention. Member for St. Augustine, if you read this Bill objectively, you would see that the Minister, at all points in time, wherever he is interfering, to use your language, it is always with the collaboration of the President or the commission. I also want to state that we cannot sit here and create an entity that is a little law on to itself. That is what you want to do. Leave out the Minister. The Minister has to oversee the Securities and Exchange Commission. You seem to want to create some sort of entity where the Minister is out of the picture and this commission is just there doing what it wants. We cannot do that, Member for St. Augustine. I suggest and recommend that you go back and have a second reading of that Bill. [*Interruption*] First.

My presentation will be brief. When I look at this Securities Bill that is being proposed, it has to be set within some context because the Member for St. Augustine will have people believe that we on this side do not plan. We do things *vaille qui vaille*, but as the Member for San Fernando West would say, we "doh voops" on this side. We take our time, read and prepare.

What we are doing this afternoon is set within the context of our national strategic development plan, Vision 2020. The two pillars of development that we are looking at are promoting effective government and enabling competitive businesses. It is set within a context, Member for St. Augustine. Our vision with respect to enabling competitive businesses there are three objectives. Our vision is to maintain a macroeconomic stability in Trinidad and Tobago. It is to create an enabling environment that attracts investors and encourages competitive businesses. It is envisaged that these competitive businesses will transform Trinidad and Tobago into a diversified economy.

In order to maintain this stability a number of projects were identified and one was the financial sector reform initiative. That is the context within which we have to place the reform of our legislative regime.

The second pillar is that of promoting effective government. Effective government can serve through our vision. We on this side can serve as a catalyst for change and a main driver of improvements in the quality of life. [*Interruption*] Certainly, Member for Chaguanas West.

An effective government is critical for the promotion of good governance. One of the ways of promoting good governance is the development of an effective system to protect the interest of our shareholders and investors to promote confidence in the marketplace. When you add both together promoting effective government as well as enabling competitive businesses, the objective there is to create an environment where investors would be protected. It would also reduce your systemic risk that you talk about. It is also to regulate the issuers of securities.

I see this Bill as doing two things. The main objective is to protect investors, the ordinary citizens out there in Trinidad and Tobago and also to regulate the issuers of securities.

The Bill also looks at—there are two important changes here. The section that deals with disclosures and the on-site examination by the commissioners. That is a very proactive approach. As I go through my contribution, I would make reference to the different clauses. [*Interruption*] "I wouldn't buy basket from you, Couva South."

As laudable as the provisions of the Bill might be and the purpose clause at the beginning which spells out exactly what we are going to do. It says, An Act to provide protection to investors from unfair, improper or fraudulent practices, foster fair and efficient capital markets and confidence in the capital markets of

Trinidad and Tobago and to reduce systemic risks to cooperate with other jurisdictions in the development of fair and efficient capital markets and for other related matters. As laudable as the purpose of this Bill might be, if they are allowed to remain as mere words and unless there is meaningful provision, then it would just fall by the wayside as what the Member for St. Augustine talked about.

Let us look at the functions of the commission. The functions of the commission are laid out in clause 6. Member for St. Augustine, take down all the clauses. The functions of the commission are neatly put here and the new provision is at (e) where the commission can conduct such inspection and examination of self-regulatory organizations, broker dealers, traders, underwriters, et cetera.

3.45 p.m.

Basically, we are saying that the on-site examinations will form an important part in the commission's ongoing regulatory regime. Section 140 of the Securities Industry Act gives the commission limited regulatory oversight. It did not go as far as allowing the commissioners to do on-site examinations and inspections of your self-regulatory organizations.

There are three instances where an on-site inspection can take place.

(1) As part of an ongoing programme of compliance;

(2) Arising from a complaint made by a member of the public or some market actor.

This is actually strengthening the hands of the commission and the simple investors in the economy; also, as part of the commissioner's surveillance activities which raises an enquiry into the conduct of a market actor.

Mr. Speaker, we look at clause 7 of the Bill. Clause 7 spells out the powers of the commission and refines the mandate of the commission. The Bill has given the commission direct regulatory oversight of collective investment schemes and this is something that, yes, it is indeed in the old SIA, however, it is more refined in the new Securities Bill, 2009.

These schemes are now required to comply with the disclosure obligations contained in Part V. If we look at clauses 65 to 68, where a reporting issuer must submit an annual report at the end of the financial year, it outlines all the disclosure provisions with respect to what will obtain. I believe that, again, it is strengthening the hands of the commissioner and the investor. There will be more investor confidence as the Member for St. Augustine said, where anybody who is

operating one of these schemes shall, under the Act, be able to disclose their business—or if there is some material differences in what might have taken place in that particular company—from the date of registration. There are provisions to deal with the situation.

Mr. Speaker, we look at the membership. The Bill seeks also to strengthen the commission by increasing its capacity. The old SIA provides for five commissioners. In the new Act, the provision is for seven, of course with three others being temporary commissioners appointed by the President on the advice of the Minister. Now we have 10 commissioners sitting and this increase will permit the commissioner to take on a more active, quasi-judicial role. It will also assist in absenteeism on the part of some of the commissioners and any conflict of interest.

I make the point that all the commissioners are appointed by the President on the advice of the Minister and I will not stand here, like the Member for St. Augustine did, and cast any aspersion on the President with respect to his capability to appoint commissioners to the Securities and Exchange Commission.

If you look at the staff of the Securities and Exchange Commission, clause 24 of the Bill provides that the commission may appoint, at such remuneration and terms and conditions as the Minister shall approve, a secretary and such other officers.

Mr. Speaker, this process has been changed under this Bill. This Securities and Exchange Commission would have the authority to hire and appoint its own secretary and staff without the approval of the Minister. Of course, the Member for St. Augustine did not see this. It is important to know this because the commission would be able to attract qualified staff in an expeditious manner for its efficient functioning.

On the question of experts, under clause 23(1), the commission has the power to appoint, hire or retain experts without the approval of the Minister. Under the old Act, the Minister's approval had to be sought. The Member did not see that. So this fiddling he is talking about, we have indeed gone through the Bill and have seen areas where the commission can operate on its own and we have given the commission some form of autonomy. It is not true to say that the Government wants to fiddle with the legislation; that it should come here to Parliament and that the Parliament should have oversight. As it is drafted, there is sufficient oversight by the line minister, the Minister of Finance in this case. I believe that the commission has sufficient powers and enough flexibility and leverage to operate properly.

On the question of regulatory cooperation, the purpose clause at the top of the Bill states quite clearly that it is to provide protectors to investors and to cooperate with other jurisdictions in the development of fair and efficient capital markets.

Mr. Speaker, cooperation among local, regional and international security regulators is very important. The Bill allows the commission to be part of a cooperative effort at the levels of compliance, investigation and enforcement. We live in an age of globalization, with its concomitant effects on the financial sector. There is market interconnectedness and this has paved the way for interdependency, which in turn has led to an over-inflated financial sector, if not to economic collapse.

How does the Bill address this issue? Clause 19, if we turn to it, deals with consultation with the Central Bank. Clause 19(2) speaks of cooperation with foreign agencies as it relates to investigations and contraventions of the Bill. Clause 19(3) speaks of cooperation with other security regulators regionally and internationally. Section 19 makes more comprehensive provisions for consultation and information exchange with the Central Bank and foreign authorities as opposed to what has happened under the Securities Industry Act.

By and large, the entire provisions with respect to the establishment, the functions and the powers of the Securities Exchange Control have indeed been enhanced. We have strengthened the hands of the commissioners; we have strengthened the confidence of our investors. Whereas before, you would not have been able to go to a financial intermediary and get the information needed with respect to whether to invest in a particular security, you now have that confidence because, under the new legislation, you are bound to publish everything material for the investing public.

I support this Bill in its entirety. It is proactive and we on this side believe that if we are moving towards becoming a developed country by the year 2020, and becoming the financial capital of the Caribbean, this legislation is needed.

I support it and thank you.

Mr. Jack Warner (*Chaguanas West*): Mr. Speaker, I am happy to see that the Prime Minister is awake. As I rise, I do not know if our country has an Attorney General and we are here talking about law. Normally, the Attorney General advises Members on the other side and the Parliament. Normally, he sits at the Prime Minister's right hand. I am not seeing him here today and the Prime Minister comes to the Parliament and does not tell us a thing. He does not make a statement.

[MADAM DEPUTY SPEAKER *in the Chair*]

It is a bit disconcerting that I do not know if the country has an Attorney General. [*Interruption*] It is not only your problem, Mr. Prime Minister—I can understand your colleagues speaking that way—but this is also the country's problem.

Therefore, as I rise, I repeat that I do not know if this country has an Attorney General. However, for the time being, I want to spend some time dealing with the Bill in two areas.

First, I want to deal with the Bill in the area of insider trading—I am talking here specifically about clauses 103, 104, 105, 106, 107 and 108. The second thing I want to do is to go to the Bill itself and to identify eight areas where I believe it is deficient and, under 45 minutes, I will take my seat. I promise you.

4.00 p.m.

Madam Deputy Speaker, I want to specifically refer to a report, which the Minister of Finance informed this Parliament she has not seen. I want to refer to a report written by Roslind Hinds on March 05, 2002, which was submitted and is a preliminary report filed on October 25, 2002.

The fact is—[*Interruption*] how I see it—this report has been neglected by the SEC, as I will show shortly, and ultimately the Government. I would tell you why just now. It means that the SEC, as described in this Bill—what guarantee do we have that the SEC that failed to function will function under this new Bill?

The report is entitled "Report on the Preliminary Inquiry into Suspected Illegal Insider Trading in Shares of Guardian Holdings Limited and Neal & Massy Holdings Limited over the period September to November 2001". This report, which the SEC did nothing about, shows where there was insider trading of the worst kind. It was most scandalous. In fact, the report shows that two prominent businessmen, one who is dead at the moment, because I want to respect the dead, used their sons to do insider trading at tremendous profit and they remained untouched. They walked this land like exemplars. I would give you a copy just now. They remained untouched. It is a scandal.

Let me go through a few points in the report. It says—they called the names:

> "It is suspected that such insiders may have used that information to trade in the shares of GHL or N&MH and/or also to tip others, who themselves may have traded in the shares after GHL and N&MH."

Nothing has been done. In the next paragraph, the two names of the business men have been called and they have interlocking directorship. They used that at the highest level to make profit from insider trading. The report says:

> "Further, those two persons"—I would give the names just now—"have a long and close business relationship, sit on several of the same Boards and are the sole owners and directors of other companies."

That was the blackout period. They did not respect that, as I will show you shortly.

> "It is to be expected therefore, that"—the one who is dead and the other alive—"would have been intimately aware of companies' strategies and maybe were themselves the initiators of the proposals for rationalization."

Do you want to know what is bad? These are the same guys who are the party financiers for the PNM. In fact, two of the guys who were involved in insider trading and one of them is now the Special Advisor to the Prime Minister. [*Interruption*]

Hon. Member: Who is that?

Mr. J. Warner: "Wait nah! Hungry dog does eat raw meat. Wait ah coming to you." Why did the SEC not implement the law? If it did not do it then, what guarantee do we have that they will do it now? It is all good to pass Bills, but it is the implementation that is important. That is where I would take my issue today.

It goes further. They called two companies, I would give you the names just now, one of which a local businessman is the same beneficiary and they bought 13.58 million shares in NEMWIL, again through insider trading. The report goes further and lists a host of activities which were done by the sons of these two directors. Furthermore, they showed where they went to the telephone directory and said:

> "…and it would seem that…do not reside with their fathers.

No address was given as to where they reside.

> "Although it appears that the related persons did not reside at the same address, there are serious implications of these purchases by relatives of these two directors two weeks prior to the release of information on negotiations between GHL and N&MH."

Two weeks before. I repeat that they are top party financiers, one alive and dead. [*Interruption*]

Mr. Maharaj SC: Which party?

Mr. J. Warner: Not the UNC-Alliance, it had to be the PNM. Do not push, I would call names for you just now, wait.

I go further:

> "By virtue of Section 120(2) of the SIA95,"—the two names are called— "are connected with the Issuers, GHL and N&MH, and are insiders, and…"—they— "obtained…"

I am leaving piece for him, because when it comes to the legalisms and the heavy nitty-gritty part, for the AG who is not on that side but on this side. I would leave that part for him.

> "price sensitive non-public information on the imminent transaction regarding GHL and N&MH from person(s) whom they would have known to be connected with the Issuer, then in accordance with section 121 of the SIA95, subsections (3) and (4) "—those same two guys, one alive and one dead—" they are recipients, having knowingly obtained information from another person who is connected with the Issuer, and are therefore prohibited from participating in any transaction or any Exchange in the securities of that Issuer."

It is here in this report.

Do you think that is all? That is not all. The report shows that the staff of these firms were also involved. They made profit too. They, of course, heard about it and they were involved. It shows where stockbrokers were involved. It shows where, I want to repeat, members of the Prime Minister's Office were involved; more importantly, present staff as of now in the Prime Minister's office were involved. That is why the SEC took no action. The SEC, of course would not touch these guys. I would come back to that just now.

It says:

> "The division would want to explore the likelihood that trades by brokerage staff during the blackout period occurred when such persons realized that insiders to GHL had placed orders to purchase significant amounts of those shares…;"

The blackout period is the period in which you cannot buy shares. They bought shares. This is the report your Minister of Finance said she did not see and does not have. I am the Minister now. I have the report here. [*Interruption*] "Wait nah!" What happen? Start on Standing Order 36(1):

> "Further, it is probable that those brokers, with whom the said orders would have been placed, having observed the activity by insiders, may have used that information for their own benefit (the activity 'front running' which is illegal in other jurisdictions)…"

But not here. Therefore, they tipped their colleagues, relatives and friends to make profit. Why have they not been prosecuted? Where was the SEC, which is illegal here too? The tipping is illegal. Thank you, Ramesh. Why were they not prosecuted?

[MR. SPEAKER *in the Chair*]

That is not all. I would fast track. Page 18 states:

> "In the case of GHL, the sons of "—the two business directors, directors of GHL and N&MH—"purchased shares of GHL on October 30th, 2001, on which day there were also trades by a number of brokerage employees and their relatives; GHL also repurchased some in its own shares on that day."

All of this was done during the blackout period.

I want to make one final reference to the report. This report contains 18—20 pages. It is extensive. Listen to the recommendation of report:

> "It is recommended that the Commission appoint a person to conduct an Investigation under section 138 of the Securities Industry Act, 1995 to determine whether any person or persons have contravened section 121 of that Act."

I want to say it again. The report's recommendation after all of this, states:

> "It is recommended that the Commission appoint a person to conduct an Investigation under section 138 of the Securities Industry Act, 1995 to determine whether any person or persons have contravened section 121 of that Act.
>
> Rosalind Hinds
>
> FRO, MR&S
>
> March 5th 2003"

Seven years later, what has been done? Nothing! What has the SEC done? Nothing! All these names and I hear nothing. You would pass a Bill and give the SEC more powers and you give the Minister less or more. Of what value is that if you do not implement it? That is not all. In fact, I am sure that no one in this House will object to my laying this report on the Table of this House, based on transparency, and I so do.

I come to 2004. In the *Guardian* of Thursday, June 10, 2004, there is an article written by Judy Kanhai, headline:

> "Esau knocks stockbrokers"

It is talking about Joe Esau, Chairman of Prestige Holdings who:

> "…knocked stockbrokers for taking advantage of their position on the stock exchange board.

> He said stockbrokers who are on the T&T Stock Exchange (TTSE) board benefit from company information before members of the public get access to it…
>
> Esau said financial results are revealed to the board before being released to the public and during this period individuals use this information to their advantage…
>
> However, Esau said there needed to be an internal investigation to look into insider trading."

4.15 p.m.

Mr. Speaker, June 10, 2004, two years later, the chairman of Prestige Holdings said that we need to have an internal investigation to look into insider trading. Nothing has been done. In the same article, Central Bank Governor, Ewart Williams said:

> "…a recent survey indicated that market participants felt that insider trading and price manipulation was very prevalent on the stock exchange."

What has been done? Nothing. Nothing; 2004. I quote the Governor of the Bank. He says:

> "'There is a general feeling that insider trading may be linked to the small size of the market and the prevalence of interlocking directorships in the market,'"

That is, Governor Ewart Williams and the SEC did nothing, but that is not all. We fast-track; we come now to 2008, four years later, in an article in the Caribbean360.com. The title is: "Insider trading uncovered in T&T". Who is saying that? Osborne Nurse, Chairman and Chief Executive Officer of the Commission is saying that. Furthermore, just to give you two quick points that he has here:

> "The Trinidad and Tobago Securities and Exchange Commission has uncovered evidence of insider trading. And it says while it's not enough to take the matter to the court…"

Well, take it "nah", let the court say so, not you. Take it to the court, let the court say so. It says:

> "it's making moves to ensure that those who engage in the illegal practice in the future won't escape the long arm of the law."

To this day, has anybody been charged? Has anybody paid a penalty for the crime they committed? I go further:

> "The discovery was made after the Commission launched a formal investigation - the first of its kind under the Securities Industry Act - into the

proposed sale of shares in local company, Trinidad Cement Limited (TCL)…Mexican company, CEMEX…"

It goes on and it tells us of all the evils of what they have done. Listen to what Mr. Nurse is saying:

"'Insider trading undermines investor confidence in the securities market and is strictly prohibited by all jurisdictions. The Commission assures the investing public that it shall continue to treat with insider trading violations as one of its enforcement priorities,'"

In 2002, 2003, 2004, 2005, 2006, 2007, 2008, we are now in 2009 and we come here with a Bill to impress whom? The SEC will deliver. That is not all, Mr. Nurse, the chairman, gave an address—there is no date on the article I received, but this came after the CEMEX matter. The title is "Securities Regulations in Trinidad and Tobago" addressed by Osborne Nurse.

Mr. Maharaj SC: Good research.

Mr. J. Warner: I did not come here to sleep, you know. I came here to do work for a dollar a month. I have no problem with that.

Mr. Imbert: That is all you worth.

Mr. J. Warner: If I worth $1 you worth 4 cents. [*Laughter*]

Mr. Maharaj SC: Why you give him four, why not one?

Mr. J. Warner: I am being generous. The title is "Securities Regulations in Trinidad and Tobago". In the article he talks lovely things, nice things and so on. What he would do, what he would not do. This part is nice, he says:

Mr. Imbert: How you reach to 4 cents, why not more?

Mr. J. Warner: Right now "ah taking ah penny more, you deserve ah penny". Two cents and before long a farthing.

Mr. Imbert: "Ah farthing?"

Mr. J. Warner: You know when I talk my speech is kind of inhibited, so sometime I might say farthing and say something else, "eh". [*Laughter*] So do not push me. I could apologize to the Speaker because he knows that my speech is inhibited. So, if I say farthing and it sounds like something else he would understand. So, you are farthing. [*Laughter*] This is the speech from Mr. Nurse. He says:

"We, at the Commission, have been engaged over the past year..."

[MR. WARNER]

I ask myself, over the past year? So what were you doing all the time? He continues:

> "in a comprehensive exercise to review, modernize and revise the legislation in order to bring it up to international best practice standards..."

I ask myself, for the past year, what happened to the last seven years, where he has been there and seen what has happened? I go further and he talked about transparency, fairness, efficiency. He says.

> "The first major issue of concern is that relating to the transparency, fairness and efficiency of the market. A number of issues arise here, including suspected illegal insider trading and the incidence of selective disclosure of market sensitive information which itself may potentially facilitate illegal insider trading."

That is Osborne Nurse talking. What did he do? Whom did he charge? What is the board before the commission? I go further:

> "As well, we continue the process of examining certain transactions that took place in 2001 and 2002…"

Mr. Speaker, I did not come here for histrionics. I want you to understand. This is the guy who is talking here some months ago, about actions which took place in 2001, 2002. He is saying:

> "to determine whether concerns about illegal insider trading are justified and to determine what steps ought to be taken to ensure that the appropriate sanctions are applied."

Seven years later he is saying that they are going to look into it and see if sanctions have to be applied. If this was not so ridiculous it would have reminded me of four years you take to reform the Local Government Bill, but that is another story. I continue. He says:

> "Similarly, we recently advised brokerages that the practice of pooling of trades does not allow for an adequate level of equity and transparency in brokers' dealing with clients and that therefore, the practice should be terminated."

Has it? Has it? He goes on and on. I do not want to go more on this, because I am telling that the way he ends his speech is interesting. He says:

> "We believe that the protection of our investors makes it mandatory for us to introduce a tighter level of regulation of foreign issues and of persons visiting the country to market and sell such issues."

I ask myself, Mr. Nurse, what have you done since? I say this to you, Mr. Speaker, because the Bill that is here before us, is all sounding nice; on paper it looks good. While it is true, I have my own book with my bill and so on. I say it looks good here, but how much of this have we implemented? I go now to the Bill itself and to show you nine areas where the Bill is deficient.

Mr. Dumas: You have six minutes.

Mr. J. Warner: After that I sit, I am finished. I do not want 60 minutes or 75 minutes. I do not want any extension; I sit. I will give you nine areas in this Bill where the Bill is deficient.

Mr. Dumas: You are throwing words for St. Augustine?

Mr. J. Warner: I am not throwing words for anybody. I am in the Back Bench; this is where the pristine glory was put. Let me begin by saying that almost one year after the global financial crisis, I am not quite sure if we properly understand the causes and the effects of this global shutdown. I am not quite sure that we have even done a comprehensive study on the fall of Wall Street. I am not quite sure.

Have you understood the role of compliance or non-compliance issues as it relates to the United States crisis? If not, how can we prepare for a crisis of our own? How can we? Have we have been able to do an analysis of the now famous Ponzi scheme? Which is a fraudulent investment, so to speak? Have we done this? If we have not done it, I suspect, I ask, why not?

The first point I want to make this afternoon, about the Bill itself, is the primary purpose of regulation in this Bill is to deal with the wider issue of risk management in today's globalized economy. And by the way, you see I did not call anybody's name. I respect people. I did not want to use the Parliament to besmirch anybody, but I have a copy for you, Madam Minister and a copy for the Prime Minister. I did not come here to tackle anybody and damage them and their children. Not me. That is not my style. If that is UNC style, that is not my fault. [*Desk thumping*] My role here is to bring people up to my level, because you see me, I am not going down to theirs. [*Desk thumping*] Let the chips fall where they fall, you know. [*Desk thumping*]

Mr. Parsanlal: Those are fighting words, boy.

Mr. J. Warner: I live by that. My apologies, Sir. So, as I was saying, Mr. Speaker, at the end of the day the primary purpose of this Bill is to protect investors from improper and fraudulent practices and to foster fair and efficient capital markets. We have to admit that the Bill’s intention is good, there is no gainsaying about

that. The Bill might need tweaking here and tweaking there and obviously, a Bill like this must be sent to a joint select committee. In fact, it should be sent to a joint select committee. [*Interruption*] No, no, hold on. If they do not, if that is not done, the fact is, the intention is good.

Mr. Speaker: Order!

Mr. J. Warner: If the Bill has to be tweaked, fine. I am saying therefore—

Mrs. Nunez-Tesheira: You supporting the Bill?

Mr. J. Warner: Me?

Mrs. Nunez-Tesheira: Yes.

Mr. J. Warner: Yes. [*Desk thumping*] Why not? Why should I not? Let me tell you now, all the talk I talking here, I supporting the Bill. I supporting the Bill. I am saying let the chips fall where they fall. Mr. Speaker, my apologies.

Dr. Browne: That is man! [*Laughter*]

Mr. J. Warner: Leave me alone, please. Leave me alone. The purpose of the Bill is to reduce systemic risk and that is good. The point is, I get the impression that in the Bill, they are more concerned about control and less concerned about performance, and that is a general criticism I am making about the Bill. I get the impression that the Bill is concerned about control—I will develop that after tea—but the Bill is not concerned, as it should be, about performance.

In a sense, this PNM Government is a government that is concerned about control, but not about reduction. It is concerned about control but not about curbing. Therefore, in that context I make this general statement.

Mr. Speaker: Hon. Members, the House is suspended for tea. We will resume at 5.00 p.m.

4.30 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

Mr. J. Warner: Thank you Mr. Speaker. When we took the break I was making the point that the Government was more concerned about the control aspects rather than the performance aspects, and that the Bill was reflective of this—as a general statement.

I go to my second point about the Bill itself, under clause 6(c) of the Bill we speak about the commission keeping a registry of organizations, brokers, traders,

underwriters, issuers and investment advisors in the securities industry. All I ask, have we begun to prepare the process for such a registry? Have we begun?

I ask this because there is a cost involved in this and other related matters. Therefore, I want to remind this House that we have laws to deal with integrity in public life and such laws cater for an Integrity Commission, but after four months we have no Integrity Commission, and therefore, how can you seem to deal with fairness, equity and protection of capital markets and to provide the mechanism to deal with breaches when you cannot ensure on the bigger picture—we do not provide for mechanisms for breaches of integrity in public life legislation. That is why I say we pass laws which remain on the books gathering the proverbial dust and which are largely ineffective.

I come to my third point on the Bill itself. I refer here to regulations. We come very often to this House and debate and pass Bills—at least for me in the last 18 months—but after these Bills are passed they are useless because of the lack of regulations to give them effectiveness. The Bills are passed but no regulations are passed to give the Bills effectiveness. I want to posit that Acts by themselves are powerless without the regulations which speak on the specifics. In the same way the Act is useless if we do not have the manpower and human resources to implement them, and even further to prosecute in a timely manner those who, of course, breach the regulations. Therefore, I ask the question: Why we do not pass regulations contemporaneously with the Act itself?

One would have thought that draft regulations would have accompanied this Act and be subjected to scrutiny as well. So, I ask the question of the Minister of Finance who is leaving: Where are the regulations? Could we not have the regulations together with the Act contemporaneously?

The fourth point I want to raise, Mr. Speaker, is one I talk about, I call it "constitutional enactment". The proposed Securities and Exchange Commission is a very important body. That commission is to be vested with significant powers. That commission is really going to be the watchdog over the securities and capital markets, and as such, even the Government may wish to invest as well. So I am saying, therefore, that the Government can be a potential investor—I see the Member for Barataria/San Juan is making notes. I remember him in my class making notes the same way.

Mr. Ross: [*Inaudible*] [*Laughter*]

Mr. J. Warner: Do not worry, what goes around comes around. [*Laughter*]

Yes, Mr. Speaker, I am sorry. So I am saying, therefore, the Government can be a potential investor under this Act. If the Government does invest, it means that the Government has to abide by this Act, and that would mean that the Government will be subject to the scrutiny of the commission. I wonder if you follow what I am saying? The Government can be an investor and once the Government is an investor, the Government can, as such, be subject to the scrutiny of the commission. I want to put to you that is a serious reality.

Therefore, the point I am making is that the independence of this commission should be guarded. This commission's independence should be guarded, and, therefore, the commission should really be a creature of our Constitution, as the Police Service Commission, as the Public Service Commission, as the Integrity Commission. I am saying therefore, you have to make this commission a part of our Constitution, so as to guard its independence. More importantly, I am saying the Constitution will give this commission the protection and the safeguard it deserves.

I go to my fifth point on the Bill and I call my fifth point "ministerial oversight". I will speak very briefly on this, because in some ways I believe my colleague from St. Augustine had mentioned a point or two about it.

Mr. Manning: He is your colleague?

Mr. J. Warner: Same antics, what is wrong with “yuh”? I say colleague in a general sense. You are my colleague too. [*Crosstalk*]

Mr. Speaker, clause 22 of the Bill speaks about the appointment of senior executives of the commission, in particular, clause 22(1) states, and I quote:

> “The Commission shall appoint a General Manager who shall hold office on terms and conditions”—to be decided—“by the Minister.”

Clause 22(2) says:

> “The Commission may, with the approval of the Minister, appoint the Chairman or the General Manager as its chief executive officer.”

I would have thought that Ministers would have wanted to be relieved of these kinds of responsibilities more and more. Why is it, Ministers in the Prime Minister's government always want to have the last say? Why do they always want to have the last say? We bring here a local government package, and of course with that, the Minister has the last say. Four days later we come here with a Bill and in that Bill the Minister, again, has the last say. Why does the Minister have to approve the terms and conditions of the general manager? Why? And then

we talk about independence. What I see happening here is that the Government wants to micromanage, so you find, therefore, that this is a Government when they seek the Minister's approval, they fail to seek people's approval by giving them the right to vote. They failed to do that. So they take away the right to vote, which is people approval but gave the Ministers approval to decide even terms and conditions for the general manager. Of what importance is that?

Mr. Speaker, I come to my penultimate point, qualification for office. Clause 11 of the Act talks about scenarios, when one can be disqualified from office. You are told in clause 11, how and when one can be disqualified from office.

Subclause (1) says that:

“A person shall not be appointed…if, directly or indirectly…he—

(a) is engaged in the securities business;”

or he has an interest in some of investment organization.

This clause is necessary so as to prevent insider trading and of course, even conflicts of interest. But I think this clause should be strengthened. I want to suggest to the other side that this clause should be strengthened and I want to say that we should also have in this section conditions to even disqualify a commissioner. Why could a commissioner not be disqualified if his spouse or his child is engaged in securities business? Why should he not? Therefore, I ask the other side to look at the debate to look at this aspect, because the Bill did not say this and the Bill must say it. It is not enough to talk about one getting indirectly involved or about indirect interest. The Bill must be specific and must say, of course, that as commissioner, if his spouse or child is involved in investment organization, he cannot be a commissioner.

The other point I want to raise on this clause 11 is that there seems—and I would like the Minister to answer me, welcome back—to be no punitive sanction against commissioners who breach the law.

Subclause (4) states:

“A person who contravenes subsection (3) is liable on conviction…to a fine of five hundred thousand dollars and imprisonment for six months.”

But that section speaks about the general manager.

Only the general manager, therefore, can face punitive action, so, why not a commissioner? Because I am saying to you that this must include commissioners, who fail to disclose their interest whether acquired before, during or after their

tenure; they must face punitive action and therefore, I ask the Minister again to look at that in the context of the overall Act.

My final point is clause 13. This section prevents action to be taken against commissioners or employees for acts done in good faith. I say good faith is an obscure term. I quote:

"…or in the exercise of a function or power of the Commission under this Act."

I say to the Minister of Finance that something is missing here, because clearly, one cannot escape liability on the grounds that he or she is acting or exercising their power under the Act—you cannot do that—or merely performing a function under the Act. In other words, suppose one was performing a function badly or negligently, then that person should pay a price for that, and therefore, I ask again that that be looked at in the context of this Act, so it should be eroded.

Mr. Speaker: Hon. Members, the speaking time of the Hon. Member for Chaguanas West has expired.

Motion made, That the hon. Member's speaking time be extended by 30 minutes. [*Hon. P. Manning*]

Question put and agreed to.

Mr. J. Warner: Thank you, Mr. Speaker, well, now I dead. [*Laughter*] They call me "COP agent", they call me "PNM agent", I was able to escape and so on, but now the Prime Minister has given me extra time to speak, now I dead. [*Laughter*] But "wha ah go do"? I know the orange tree is a learning experience for you.

Mr. Maharaj SC: On Monday they will call you a "neemakharaam". [*Laughter*]

Mr. J. Warner: A "neemakharaam", but "wha ah go do"?

So, therefore, Mr. Speaker, I should not have gone beyond my time. I want to say, as far as I am concerned, the Bill—I repeat—is designed to do good, not evil. The Bill is designed to correct certain deficiencies in the system. There is no way the Bill can be an all perfect one, and therefore we have to find areas where we can tweak the Bill to make it better if we have to, but at the end of the day, since I have had no guidance from any side—because when I went to the caucus I was not entertained, so I do not know how the vote is taken there. [*Interruption*]—I believe that this is an Act I support and I support it, Mr. Speaker, because I love my country.

I thank you.

5.15 p.m.

The Minister of Tourism (Hon. Joseph Ross): Thank you very much, Mr. Speaker. When I see a Bill like this one coming before Parliament, I feel more and more confident, that Government is on the right path to making Trinidad and Tobago a developed country on or before the year 2020. [*Desk thumping*]

Mr. Speaker, this Government is committed to among other things, putting the right physical infrastructure in place, establishing the right institutions, investing in our people and putting the right legal and regulatory framework in place. It is on this latter point, I honestly would like to commend my colleague, the hon. Minister of Finance, for bringing to this House one of the most progressive pieces of legislation.

Mr. Speaker, the Bill before us today as we have heard, seeks to protect investors from unfair and improper practices; it seeks to foster fair and efficient capital markets; and to bring about cooperation with other jurisdictions in the development of fair and efficient capital markets, among other things. As we look at this, I want to address a few comments or statements that were made by both the Member for St. Augustine and the Member for Chaguanas West, before I get into some other points that I would like to raise in my contribution.

Mr. Speaker, the Member for Chaguanas West made some very interesting points, but one of the things that I would like to touch on has to deal with the question of the report on the Preliminary Enquiry into Insider Trading in 2002, and the stockbrokers ' report in the *Guardian*. But towards the end, he looked at—[*Interruption*]

Dr. Moonilal: Who write that?

Hon. J. Ross: No, just now. I have so many writings here.

Mr. Warner: That is my ex-student

Hon. J. Ross: He talked about the nine areas where he felt that the Bill was deficient, and then one of the areas he looked at was the concern about control. The Bill was more concerned about control, rather than performance.

Mr. Speaker, by nature a Bill like this would emphasize control, rather than performance. I am asking the hon. Member, how could he expect a Bill, which deals with regulating these institutions, to emphasize performance? It gives me the impression that the hon. Member is missing a point in terms of the global reality today.

Mr. Speaker, we would recall after the Enron debacle a few years ago, United States enacted the Public Company Accounting Reform and Investor Protection Act. Again, it was all about control and control, rather than performance. We know of the Sarbanes-Oxley Act and similar pieces of legislation that were passed over the last decade or so, in some of the developed world, and it all had to do with controlling and regulating businesses, controlling and regulating how business operated. So I think the hon. Member's point is not really something that can be entertained. A Bill like this has to emphasize control and not performance.

Some of the other points he raised, I know the Minister of Finance will deal with them, but I also want to get on with the Member for St. Augustine. The point that I am looking at in particular is the question of the volumes and values of activity on the stock exchange that would have decreased over the last few years, significantly. Even though that is the true, I think that the hon. Member said it in a manner to bring about some kind of negative performance on the part of the Government. But there was a reason for the decline in volume and activity on the stock market. I want to read just a short part of a paragraph taken from the Statistical Analysis of the Securities Market in Trinidad and Tobago in 2009 and this is a publication of the Securities and Exchange Commission, under trading activity on the Trinidad and Tobago stock exchange, it says:

> "One of the…reasons for the decline"—was a warning to insurance and pensions issued—"by the Inspector of Financial Institutions in December 2004 to"—ensure that—"their portfolios were within the regulations prescribed limits of investment in equities."

These institutional investors accounted for some substantial demand on the exchange, and so on and so forth.

The point is that the decline in the volume of activity came about because the Inspector of Financial Institutions was in fact doing his job and that is, ensuring that these companies operated within the prescribed limits, and I think the Inspector of Financial Institutions should have been complimented for his performance.

Mr. Speaker, over the next few minutes that I have, I would like to at the end of the time, show to this honourable House how the new and revised registration arrangements for both self-regulatory organizations and market actors, generally, will contribute to achieving the purposes of the Bill. I would also like to show how the new reporting regime, a more stringent regime, one that calls for significantly greater public disclosure by issuers will also contribute to the achievement of these objectives.

And thirdly, I would like to show how the introduction of international standards for regulating the securities industry would also contribute to the objectives of the Bill.

Mr. Speaker, section 37 of both the Securities Industry Act of 1995 and the current Bill that is before us, outline the characteristics of self-regulatory organizations. But the difference between these two pieces of legislation, the SIA and the Securities Bill before us, is that the Bill goes a step further and seeks to guarantee that self-regulatory organizations can stand up to scrutiny and are of a high quality. Let me read briefly, clause 37(1)(d):

> "A person shall not be registered as a self-regulatory organization unless that person—"

—among other things—

> "is fit and proper for registration as a self-regulatory organization."

It goes on further in subclause (3) to indicate what are the features of being fit and proper for registration. It says that:

> "…the Commission shall consider—
>
> (a) its financial condition and solvency"

So the regulatory organization must be financially sound.

> "(b) its ability to perform its proposed activities efficiently, honestly and fairly;
>
> (c) its ability to comply with the requirements of the Act and the by-laws applicable to self-regulatory organizations; and"

—last but by no means least,

> "(d) the character and integrity of persons that are the directors of the applicant."

In other words, the Bill seeks to ensure that this body, this commission, this self-regulatory organization, can stand up to scrutiny, both the organization and those that lead the organizations, and this is what makes this Bill different in some respects to the Securities Industry Act, when it deals with the self-regulatory organizations.

Mr. Speaker, not only does the Bill deal with self-regulatory organizations, but it also deals with the registration of other market actors. Again, I go back to the Statistical Analysis Report which gives us an idea of the structure of the regulatory framework in Trinidad and Tobago as it stands today. In terms of market actors, there are 107 market actors in Trinidad and Tobago. You have

brokers, dealers, underwriters, traders, investment advisors and security companies. All these institutions comprise the market actors and we are saying that in this Bill, registration of market actors is properly taken care of.

In keeping with the best practices, and in keeping with international standards as obtain in most developed countries, as the United States of America, United Kingdom, Canada and Hong Kong, this Bill makes it mandatory for directors, senior officers and employees of market actors to register with the commission. In other words, we are saying that by making this registration mandatory, you are ensuring among things, that the people who are leading these organizations or these institutions are fit and proper so to do.

5.30 p.m.

Clause 53(1)(a) of the Bill says:

"Subject to subsections (1) and (3), where an applicant for registration under this Part—

(a) is considered by the Commission to be fit and proper for registration or reinstatement of registration in the category applied for;"

So, again, we have the self-regulatory organizations and the fit and proper rule applies, so you ensure that not any and any organization can be considered to be a self-regulatory organization. It must be fit and proper.

The Bill goes further and ensures that the market actors themselves must be fit and proper. We are ensuring that we have quality personnel; we are ensuring that we have, in the final analysis, organizations that could stand up to scrutiny and those that would ensure efficient and effective operations.

Hon. Member: Vision 2020.

Hon. J. Ross: Under the Securities Industry Act as well there was no provision to allow for public disclosure of filed documents; there was no provision whatsoever. Clause 53(5) of the SIA requires the Commission to prepare a list of all valid registrants and to publish this list in the Gazette, and that was all. So under the SIA you had a list of valid registrants; that was all. It mattered not whether these persons were fit and proper or otherwise.

This brings us back to one of the lessons that the United States learned from the Enron debacle. I am taking this from an article that I took off the Internet. It says:

"The Enron scandal reminded Americans that a capitalist economy needs full and fair disclosure."

In the Bill before us, clause 33(1) ensures that we have that kind of full, complete and fair disclosure.

Mr. Speaker, clause 33(1) states:

> "Unless the Commission determines that disclosure would not be in the public interest, the Commission shall make all documents or instruments required to be filed with it under the Act or the by-laws available for public inspection during the normal business hours of the Commission."

In clause 32 it says that:

> "All documents or instruments required to be filed with the Commission shall be filed in the prescribed manner."

So "all documents"; it gives the investor an opportunity to have adequate information to make appropriate decisions.

The Bill also has provision for additional information to be provided to investors, information on changes in their addresses; changes in the directors or senior officers of these market actors; reasons for resignation, dismissal or termination of employment of directors; changes in the names or addresses of persons who are in charge of branch offices within Trinidad and Tobago, and even the failure by the actor at any time to maintain the prescribed level of capitalization. With this kind of information available to any investor, the chances or the opportunities for making the right decisions are enhanced. This is what the Bill proposes to do: To protect the interests of the investor also ensures that there is transparency, that the investor has that opportunity to make the right investment decisions.

Even further, I will look at clause 67. It is a new section that was not included under the SIA. It says that:

> "Every reporting issuer shall within the prescribed time period prepare and file with the Commission annually comparative financial statements relating…to—among other things the period that commenced on the date of incorporation or organization..."

The bottom line is that these organizations are now required to file annual comparative financial statements. This says, again, that any investor would have access to the financial position of the securities that they would be interested in purchasing and so on.

Section 68 is a new section that provides for quarterly financial statements to be prepared according to the international financial reporting standards. So we are

looking at annual financial statements, we are looking at quarterly financial statements. This gives the investor an opportunity; in other words you are getting timely information that is prepared in accordance with financially acceptable standards and quality. So the investor is in a better position to make the right decision, and the information that is available tends to be always accurate and reliable.

Mr. Speaker, also important is that these financial statements are not just prepared and submitted like that, but the Bill goes even further, and requires the reporting issuer to prepare as well a Management Discussion and Analysis on its financial statements. In other words, the Bill requires the reporting issuer to make an analysis of the financial statements, so that the investors would have additional information to turn to. This is really what disclosure is all about, providing adequate information. These are some of the features in this Bill that you could not have gotten under the Securities Industry Act of 1995, full and comprehensive disclosure of information. [*Desk thumping*]

Within recent times, we have seen events on the international financial markets which have had a significant impact on the securities industry and have led to the development and implementation of new and stronger laws and regulations to govern the industry. This is why I could not have agreed with the Member for Chaguanas West, because the developed world is now concerned, not just with performance, but performance within the laws.

Mr. Sharma: Are you suggesting that performance beats "ol' talk"?

Hon. J. Ross: The developed world is moving towards ensuring integrity in the reporting system of companies and organizations that are involved in securities. The problem we recently experienced with the CL Financial group sends a very clear message to us; it says that regulators in Trinidad and Tobago must be very vigilant. This is what the Bill is about. It is about introducing international standards to regulate the securities industry.

This brings us to Part VII of the Bill, as well as Part VII of the Securities Industry Act. The provisions in the Securities Industry Act which deal with market manipulation were generally weak. This is why changes had to be made to the Bill before us. Although the Securities Industry Act outlined certain manipulation offences, it did not specify any specific offence or penalty. In the Securities Industry Act of 1995 it mentioned certain offences which it considered to be manipulated, but it does not say, for instance, what were the real offences and what would be the penalty for any breach.

It dealt broadly with offences such as market rigging; employment of deceptive devices and schemes and excess trading. This is one of the issues Enron had to deal with. The SIA in section 147(2) made a general offence provision for persons who knowingly and recklessly contravened a provision under the SIA and said that they would be liable on summary conviction to $50,000 or one year in prison, but that was all. That was very vague. I have not seen the report, but the hon. Member for Chaguanas West referred to one in 2002. It may be possible that because it was difficult to prove that there was any specific offence, it may be the reason the report may have remained where it was. I do not know; I am just saying so.

The Bill before us, apart from creating specific offences for market manipulations, it also increases the penalty on conviction on indictment to a fine of $2 million or two years imprisonment.

5.45 p.m.

Mr. Speaker, what this is going to do—I heard again the Member say that what this Bill is doing is instilling fear in investors, but it is more than instilling fear; it is putting the right mechanisms, the right provisions in place to guarantee that people would conduct themselves in a particular manner. It involves buying and selling shares of stock or other securities based on specific knowledge. Again, we are looking at insider trading.

I want to quote from an article—just a few points from the article I felt is quite relevant. The article was written by Uptal Bhallacharya & Hazem Daouk. The title of the article is "The World Price of Insider Trading". Some of the points that were made were:

"1. All of 22 developed countries and five of the 81 emerging markets had insider trading laws."

In other words, this shows that we are on the right track in establishing tighter insider trading laws. The second point was that there was a relationship or a correlation between a country's credit rating and the very first insider trading enforcement action.

Trinidad and Tobago, as we move towards developed country status must, as we are doing today, enforce laws that are consistent to developed country status and this Bill before us is very, very consistent. Another point that Uptal made was:

> "The enforcement of these laws has been very spotty. There has been prosecution in only one out of three countries. Developed countries have a better record of prosecution than emerging markets, some 81 per cent to 24 per cent."

I am convinced that as we clarify some of these provisions; I am convinced that as we seek to make provisions more specific; I am convinced that as we begin to employ best practices in this country, we, in fact, are heading in the right direction.

I will also just want to touch, before I close on two or three items dealing with insider trading. Under the Securities Industy Act of 1995, insiders were allowed to trade even though they had knowledge of unpublished, quite sensitive information. The point is, as long as that insider could have shown that profit was not in the back of his head, or was not his primary motive for trading, then he could have gotten away under the SIA. But again, this Bill before us is saying that as long as you are an insider and you get involved in insider trading, you are guilty as charged unless you can show contrary. In other words, it puts a lot of burden on the individual to prove or to show otherwise, and this is a major improvement.

What is also noteworthy is that under the current Bill that is before us, the penalty is so severe that it will, in fact, discourage insider trading. Under clause 105 of the Bill, the minimum penalty is the profits that the individual made from insider trading or the loss that he or she was able to avoid. In addition to that, there is a $2 million fine on indictment and in addition to that, there is a two-year imprisonment.

All of this goes to show that Government is serious about ensuring that we have the right legislation, the right regulatory framework, to protect investors, to ensure that the securities market operates fairly and efficiently and to ensure that investors would have access to full and accurate information.

As I wind up, I would say that I am extremely proud today to support this Bill because I think that what we are doing in presenting this Bill before this House is ensuring that Trinidad and Tobago, in fact, will achieve developed country status in time and I again would like to commend the hon. Minister of Finance.

Thank you. [*Desk thumping*]

Dr. Tim Gopeesingh (*Caroni East*): Hon. Members, in the introduction to this Bill, the hon. Minister of Finance—

Mr. Manning: She is not enjoying good health.

Dr. T. Gopeesingh: She is not enjoying good health? I was going to be saddened about that.

The hon. Minister of Finance indicated a number of issues on the world situation and she spoke about the world economic crisis and gave some figures on the latest forecast of the IMF with a decline in GDP; weak performance in the

global economy and a less than two per cent growth by 2010, and added problems of unemployment. But what was important, she said, no country is spared. So the hon. Minister has obviously come around to the fact, when she was evading the answer all the time, that Trinidad and Tobago would have been hit by the global economic meltdown and for a long time I believe the hon. Minister—

Mr. Manning: Mr. Speaker, I thank the Member for Caroni East for giving way—

Mr. Ramnath: He is not finished; he just said one sentence—

Mr. Manning: But he transgressed from the word go. You see, this is the point, that what we have been saying all the time is that the financial aspect of it did not affect our system unduly. The subsequent consequence of that is a different matter. In other words, the failure—

Mr. Ramnath: You were not here when she spoke.

Mr. Manning: It is what he has said, not her.

Mr. Ramnath: He is not even finished.

Mr. Manning: But he said enough. What we are saying is that we did not lose—the investments that we made did not suffer as a consequence of the financial crisis. That is the point we are making. Okay? We did not lose any money from it.

Dr. T. Gopeesingh: I am glad that the Prime Minister intervened and indicated that the investments that they speak about have not been affected. But, Mr. Prime Minister, what about the investment in the $3.4 billion International Financial Centre that is left unoccupied? What about the Brian Lara Stadium of $1.-odd billion that is not even completed as yet? But anyway, that is another time for another speech.

But what the hon. Minister has acceded to and has indicated and I quote her: "No country has been spared." Therefore, she has admitted that Trinidad and Tobago has not been spared from the economic crisis that has been taking place.

Mr. Manning: That is about the financial—

Dr. T. Gopeesingh: Financial and economic almost go hand in hand. We all accept that right now we are in the midst of an international financial and economic crisis worst than we have ever seen in generations. But what is the cause? The cause was not simply a lack of regulations, as has been touted in the United States, important as those are; the cause was not a lack of investigation,

important as that is; the cause was not a lack of power to act, because in developed countries people can act, important as that is; the cause was the lack of foresight amongst financial watchdogs and there has been a cosy oligarchic relationship between financial elites and folks, like this Government has done, and this Government can be accused of moving with the market players in this situation.

The Government should have been monitoring the financial elites internationally and that was not done, hence one of the reasons the world economic crisis came on. But there was also a willingness to turn a blind eye on what the powerful and influential are doing and I think that is applicable here as well, that this Government has turned a blind eye on what the powerful and influential are doing.

There are many weaknesses in this Bill, but perhaps the greatest weakness is that it relies for its successful operation on the action of a few who, if we judge by what has been happening on the recent managing of matters and handling of matters over the last few years, they have not instilled in us the confidence for the investors and for the ordinary folks in Trinidad and Tobago, particularly investment in the securities market, the capital markets and in the stock exchange, et cetera.

This Bill, like so many other Bills this Government has introduced, comes like a thief in the night—stealth bombers. So many of these Bills are brought and you have to debate it in two to three days' time and sometimes one day you are given notice. But in discussion with financial and securities and capital market experts in Trinidad here, which I did, they have indicated that this Securities Bill, 2009 is now totally irrelevant even before it is passed. So when we examine what is happening in the United States, Europe and the G8 countries, there is a new approach to regulation which I am sure the hon. Minister of Finance knows. The risks are now being looked at as wide systemic risks rather than individual, institutional risks. Conglomerates are now being looked at as a whole rather than individual institutions being looked at for their finance.

6.00 p.m.

If the Central Bank and the Supervisor of Insurance were doing their jobs properly, as far as the Clico situation was concerned, and not only looked at the insurance company and CNMB but also together with CL Financial and all the other businesses that were associated with Clico, they would have been able to give Clico the financial assistance that they needed at that particular time. They looked at the individual institution and then made a decision based on the financial aspect.

In Europe, the G8 countries and the United States a similar situation with Lehman Brothers, Bear Stearns and AIG, there were so many companies that were involved in this and they were interlocking. These companies were mismatched as far as leverage was concerned. Internationally, if there is leverage greater than 30 per cent of debt to equity, it means that that business is not doing well. The market standard is now falling below 30 per cent. All these international companies like AIG and Bear Stearns were excessively leveraged. It was found that they were looking at individual companies rather than looking at the whole conglomerate.

The reason that the Securities Bill, 2009, is going to be obsolete and it is already obsolete is that it is predicated on the fact of analyzing and examining individual financial institutions rather than taking them as conglomerates. The Securities Industry Act, 1995 as framed, which this Securities Bill, 2009 sought to provide a proper regulatory mechanism of the securities industry market and hoped to provide a base for growth of the securities industry in Trinidad and Tobago, this 1995 Industry Act has failed.

I did some work and this is a summary parliamentary discussion that took place on Friday 22nd September, 1995 on the Companies and Securities Industry Bills that was laid by your government, Prime Minister. It is important to give a history. Here it is the hon. Leader of the Opposition, Mr. Basdeo Panday made a significant contribution on that Bill on Friday 22nd September 1995. It is important for me to quote because I want to look at it in the context of what is happening today. He said:

> "…the function of this House is to pass legislation for the good governance of the country. In passing such legislation, the House must take the utmost care to ensure that it does not place laws on the statute books which are unworkable or oppressive, or passed in a dictatorial manner even if the laws themselves are not dictatorial."

It was important for me to quote the hon. Leader of the Opposition from Friday 22nd September, 1995, on the Securities Industry Bill, Joint Select Committee Adoption. We are seeing the same thing happening again. This Bill although not dictatorial is pushed down our throats in a dictatorial manner which is completely unacceptable. [*Desk thumping*] If the other side did not do the research, I can tell you as alternative government, we on this side do our research. We do our work.

I want to show the Members of Government that this is two over 280 pages. Comparing the Securities Industry Bill of 1995 with the Securities Bill of 2009, there are significant changes on almost every page in this column. I will not go into every part. [*Interruption*] My 45 minutes will not allow me to go. I will pass this on to the

hon. Prime Minister to show him that comparing 1995 and 2009 Bills there have been significant changes. I feel that the hon. Minister of Finance does not even know and she probably has not taken the time or Members on the other side to see what changes are on this Bill. We did an analysis. That means we are doing our work.

Mrs. Nunez-Tesheira: Where you got that document? You got that document from us.

Dr. T. Gopeesingh: This came via email. I do not have to tell you from where. We will tell you with whom we are working. This Bill is comprised of 150 clauses and covered 136 pages. This came via email and we had to look and analyze it. It means that we were researching it and we got some acceptance in the research of this. We cannot do this in three days by ourselves. That Bill of 1995 comprised 150 clauses and covered 136 pages of parliamentary literature. The Companies Bill which was brought to Parliament on September 22, 1995 was more formidable. It comprised 520 clauses and occupied 258 pages of parliamentary literature. This Securities Bill, 2009 comprises 164 clauses, 14 more than the Bill of 1995 and covers 181 pages of parliamentary literature.

To critically examine and make recommendations on this Bill is a Herculean task. A Bill imposed dictatorially by this Government doing whatever they want in this country. They want to do whatever they want in Parliament. This is totally unacceptable. They want to push this Bill down our throats for us to accept it and pass the Bill. We on this side say that this Bill must be sent to a joint select committee of Parliament. There are significant issues and provisions in this Bill that need to be looked at and analyzed. It is not a simple thing to give acceptance to this Bill without it going to a joint select committee.

Mr. Manning: Mr. Speaker, I thank the distinguished Member for Caroni East for giving way. The Government would like to give consideration to the proposal he has made, but a prima facie case has to be made. What are the issues that you believe ought to be reviewed in a joint select committee? [*Interruption*] What elements? Tell us please. The document that we have which we know is the document you have compares the old legislation with the new. We would like to find out from you what aspects of the legislation you think ought to be the subject of proper deliberation in a joint select committee. We would like to know.

Dr. T. Gopeesingh: If we were to go through this page by page it would take the whole evening. We are permitted 45 minutes to speak, but I want to give a history of what the Prime Minister is trying to allude to, that we must sit and discuss clause by clause so he would be able to say that it has to go to a joint

select committee. Let me give you the history of the 1995 Bill. The Prime Minister was there. His government made that Securities Industry Bill of 1995. Do you know what happened with that then? That had to go to a joint select committee. Do you know why it had to go to a joint select committee?

That Securities Industry Bill started and was modelled after the 1929 United Kingdom legislation which has since been repealed in the United Kingdom. It was repealed in 1948 and subsequent amendments were made during the course of the 1980s. In 1971, the then Heads of Government under the Caribbean Free Trade Association appointed a working committee to consider the harmonization of companies legislation in the Caribbean. The governments of Trinidad and Tobago took no action on these issues until 1989. Two reports—one of which was the Pennington Report—were submitted with respect to amendments on these pieces of legislation. In 1989, the National Alliance for Reconstruction government appointed a working committee to submit a detailed brief for the drafting of legislation for the security industry based on the draft Bill of 1971.

I am providing this history to substantiate our position that this Securities Bill, 2009 needs extensive consultations. For the 1995 Securities Industry Bill and the Companies Bill, all the major interest groups surrounding this type of legislation were represented. If the Prime Minister were here, I would let him know. For that Securities Industry Bill in 1995, consultations took place with the Trinidad and Tobago Manufacturing Association, the Chamber of Commerce, the Law Association, the Association of Company Secretaries, the Institute of Chartered Accountants, the Hugh Wooding Law School, the Institute of Banking, the Labour Congress the Employees Consultative Association, Trinidad and Tobago Stock Exchange. The Ministry of Finance and the Ministry of Legal Affairs were involved in them. Those consultations took place before the Securities Industry Bill of 1995 could have come into force.

When it was laid in Parliament after all these consultations it was sent to a joint select committee and brought to Parliament to be passed. The development of the Bill of 1995 was a recommitted Bill of 1993 and was subjected to amendments before being introduced in 1995. The development of that Securities Industry Bill, 1995 had reached a stage where certain provisions of the companies legislation were considered fit to be transferred to the Securities Industry Bill, thereby harmonizing the two pieces of legislation and essentially, transferring some provisions from the companies legislation to the securities legislation. Do you see the history of the 1995 Securities Industry Bill? From 1971, 1983, 1989, 1993 and then, 1995. That was 24 years to bring on that 1995 Securities Industry Bill.

We are being rushed in three days and the Prime Minister wants us to tell him the substantial pieces changes in this legislation from the other one that is worth considering. The whole Bill is worth reconsidering, not just pieces of it. The whole Bill should be sent to a joint select committee and analyzed by experts after consultations. This Bill needs widespread consultations, even more so than the original one sought to do and this Bill repealing the 1995 Act. Imagine an important organization like the Trinidad and Tobago Chamber of Commerce had not been given time to submit their recommendations. I rang the secretariat of the Chamber of Commerce two days ago and they sent an email to me dated July 09, 2009, reading:

"Dear Dr. Gopeesingh,

Thank you for your interest in the Chamber's comments on the Securities Act. The Chamber has not yet submitted any comments. We are at present reviewing the document, but unfortunately, we will not be in time for the debate tomorrow."

That is only one of the organizations that I spoke about that was consulted in 1995. Imagine the Trinidad and Tobago Chamber of Commerce has not had the opportunity to submit their recommendation, far less the other organizations that I spoke about earlier. This Government wants to take this Securities Bill, 2009 and pass it without further consultation. Totally unacceptable.

6.15 p.m.

We cannot support introducing a Bill in Parliament where there has not been consultation with the national community and organizations deeply affected by it. Did you send it for consultation?

Mr. Imbert: I thank the Member for giving way. The Member should check with the Chamber to see when they got that document for their comment. I am certain it is quite some time ago. I am also pretty certain that there has been extensive consultation on this matter because I can say that this legislation has been under review since 2008 and we are in 2009. The consultations, as far as I am aware, took place in 2008.

Dr. T. Gopeesingh: We would like to find out whether those organizations I mentioned earlier—the Law Association, the TTMA, the Association of Company Secretaries, the Caribbean Association of Industry and Commerce, the Institute of Chartered Accountants—have all been consulted. Let us know what the recommendations on these consultations were so that the experts, when they go into joint select committee, will be able to see the recommendations rather than the Government alone seeing them.

I believe you have not done the consultations you say you have and that is fundamentally wrong. When did you send for these comments and consultations nationally? Where are the recommendations? What recommendations have been received? We believe that there have been inadequate consultations.

Mr. Speaker, that 1995 Securities Industry Bill was recommended to a committee of both Houses of Parliament and the legal firm of Fitzwilliam, Stone Furness-Smith & Morgan, through its senior partner, former Sen. Gerald Furness Smith, contributed greatly by submitting comments on both pieces of legislation. We would have expected that the hon. Minister of Finance would have presented to us the information on those consultations. An 18-page memorandum, with detailed analysis, was submitted in March 1994, 18 months before that Bill was presented in Parliament and that Bill was still referred to a joint select committee and became an Act in 1995.

There is no question on this side that this Bill needs wider consultation and should be sent to a joint select committee of Parliament to ensure that, when passed, it is an implementable Bill, so as to strengthen the regulatory aspect of the securities market.

The Prime Minister was asking what significant changes have been made. If we look at clause 1, the inclusion of a purpose section, that has been changed significantly. The clause helps to define the scope of the legislation and provides guidance in interpreting the proposed Securities Act, particularly where matters of public interest are concerned.

[MADAM DEPUTY SPEAKER *in the Chair*]

The purpose statement, Madam Deputy Speaker, is consistent with four objectives of the securities regulation and the hon. Minister of Finance did not take the time to explain to the House the purposes of this new Securities Act. They are:

(1) the protection of investors from unfair, improper or fraudulent practice;

(2) ensuring that the market is fair, efficient and transparent;

(3) the reduction of systemic risk; and

(4) to cooperate with other jurisdictions in the development of fair and efficient capital markets thereby creating regional securities markets and the regulation of the global market for capital.

This sounds plausible. They changed it from 1995 to 2009 and the purpose sounds plausible and acceptable, as though this is the desired outcome. In reality, this is not so and the difficulty here is the management capacity for regulation and

how implementable it is. As the Member for St. Augustine mentioned, there will be difficulty in implementation and ensuring that laws to reduce systems risk and ensuring participants in the securities markets are fair, proper, not fraudulent and that they foster confidence.

Clause 24 looks at the staff of the Securities and Exchange Commission. You said that the process has been changed; the Securities and Exchange Commission is hiring its own staff without the approval of the Minister now; that is better and we will be able to attract qualified staff as in clause 23(1), experts.

But the Securities Industry Act of 1995 had the capability of strong regulation and employing these people as well and the strong regulation was almost non-existent then. What is different in 2009? They could have hired any number of people they wanted. They could have hired experts; the number of workers within the Securities and Exchange Commission. Your bringing this legislation now does not ensure more workers in the Securities and Exchange Commission. Therefore, the whole regulatory thing will not be satisfactory because you will not be able to have the human resource capability and capacity and enough experts in that field to be able to do the work of the Securities and Exchange Commission.

I would like to give an example of the inability or the non-desire of the Securities and Exchange Commission to do work as far as regulation is concerned and do exactly what needs to be done when they find guilty players, insider trading, et cetera.

The Securities and Exchange Commission promised to be tough against insider trading. I draw to the attention of the House—two previous speakers mentioned them—the Securities and Exchange Commission, in a statement, indicated that they suspected that about 15 persons profited from insider trading in the shares of TCL back in 2000, when the Trinidad and Tobago-based regional cement producer became the target of takeover attempts by the Mexican cement giant, CEMEX.

This occurred under the watch of the Securities and Exchange Commission. The real issue is the inability of this Government or any of its politically-appointed institutions to effectively implement any legislation. This is what the Securities and Exchange Commission stated then on an investigation into that takeover bid by CEMEX. They said that the evidence was also insufficient to overcome defences provided in the law and that the probability of success in prosecuting these matters was extremely low. They also said that, as a result, the commission had accepted the advice and recommendation of its legal counsel and had decided to close the matter.

Madam Deputy Speaker, the chairman of the Securities and Exchange Commission seemed to be the Director of Public Prosecutions. He was the Commissioner of Police; he was the judge of the whole matter that went before him on the TCL/CEMEX takeover bid. He said that as a result the commission had accepted the advice and recommendation of the legal counsel and had decided to close the matter. The evidence was also insufficient.

Since when has the chairman of the Securities and Exchange Commission been the DPP to decide what evidence was acceptable or not, Madam Deputy Speaker? He should have sent that to the DPP for his or her consideration; not the chairman being the DPP and determining whether a prime facie case has been made out, when many illegally profiteered in this insider trading.

If the hon. Minister is to restore any semblance of credibility, she should investigate this matter and ensure criminal proceedings are taken on the relevant white-collar criminal in that cement matter. We call on her this evening to investigate the takeover bid by CEMEX and send it to the DPP for investigation and prosecution of individuals found fraudulently dealing in those shares.

This can be done; not the chairman, Securities and Exchange Commission deciding to close the matter. Why did he close it? Is the Government going to give the new SEC the support to take down big time fraudsters that are most difficult to deal with because of their power and influence? That was the power and influence that existed then. The Securities and Exchange Commission stopped the investigation and that was the first conducted ever and it took three years to determine.

Mr. Imbert: I thank the Member for giving way just to deal with this question of consultation. Consultation took place in 2000 and in 2004. The following groups commented on the legislation which is essentially the same, with minor adjustments: Guardian Holdings, Caribbean Money Market Brokers, the Institute of Internal Auditors, Unit Trust Corporation of Trinidad and Tobago Limited, RBTT Securities, Trinidad and Tobago Chamber of Industry and Commerce and the Bankers Association of Trinidad and Tobago. They commented on the draft legislation, since 2004. It is not much different now. In addition, on May 13, 2008, over one year ago, there was also a full public consultation at Crowne Plaza, advertised in the newspaper. There was also a full—

[*Dr. Gopeesingh stands*]

You cannot do that you know. You gave way. Madam Deputy Speaker.

Dr. T. Gopeesingh: You have abused—

Mr. Imbert: You gave way.

Madam Deputy Speaker: I am on my legs. Please! If you gave way, one expects that the hon. Member is not going to abuse the time. I will monitor that if he abuses the time.

Mr. Imbert: I am virtually finished. In answer to your allegation about local consultation, there has been extensive consultation for the last six years, ending with a full public consultation in May; one in Tobago also in May and one with the Law Association in June 2000.

Dr. T. Gopeesingh: If there were consultations, the Opposition wants to see the recommendations on those consultations. I hope the hon. Minister is not confusing those consultations with those that took place on the reform of the financial system of Trinidad and Tobago in 2004. He is speaking of consultations that took place in 2004. This White Paper was as a result of that consultation on the reform of the financial system of Trinidad and Tobago in 2004.

If the Trinidad and Tobago Chamber of Industry and Commerce indicated yesterday that they were not able to do an analysis of the present Securities Bill, we have to take their word for it and they were not given enough time. That is just one of the companies that were supposed to have consultations. This is the White Paper consultation, 2004. It is the reform of the financial system of Trinidad and Tobago; not the Securities Bill. I think he is confusing it. [*Interruption*] You will have a chance to come after.

Madam Deputy Speaker, clause 4(1) of the Bill intends to regulate access to jurisdiction capital markets through its securities laws, based on the location of the activity and/or residence of the investor. An issue wishing to raise capital in a particular jurisdiction from residence of that jurisdiction must subject itself to the local securities regulatory system or regime.

6.30 p.m.

Can we trust the regulators and the PNM big boys and their party financiers? We now have three sets of regulators in Trinidad and Tobago. We have the regulator for the Securities Exchange Commission, the Central Bank as regulator for the financial institutions and we have the Director of Co-operatives to be the regulator for credit unions. All three have failed this country and have failed the people. The regulator for the Director of Co-operatives has failed almost 100,000 people in this country. Those persons who have deposited money in the Hindu Credit Union are now left without a cent.

My colleague from St. Augustine raised the issue that there are almost 100,000 depositors in the HCU. That credit union was supposed to have been properly regulated by the Director of Co-operatives, who was found amiss in doing the proper regulation. Therefore, that Director of Co-operatives should be subjected to criminal prosecution for making sure that the lives of over 100,000 depositors of the HCU are left empty, without any money. They do not know where their next cent is coming from.

Just this week, a person from Mohess Trace, Penal, Mr. Sirju, went to one of my colleagues. He put his last $400,000 into the HCU, his gratuity, and the man has no money. There are almost 100,000 depositors from the HCU. You want to come today and talk about regulations and the Securities Bill to regulate the capital markets and these sectors? [*Interruption*] I am not giving way this time at all.

The Central Bank—I raised it on many occasions. The Director of Co-operatives did absolutely nothing. Criminal prosecution should be taken against the Director of Co-operatives for causing the loss of money of all 100,000 depositors of the HCU.

We talk about financial surveillance. The Central Bank released its own report. The Central Bank is a regulator in Trinidad and Tobago. Their annual report of 2007 speaks about the supervision of licenced financial institutions and pension plans, 31 on-site examinations being completed in the year; 10 licenced financial institutions; 16 insurance companies and five pension plans. That was the 2007 Central Bank Report.

Do you know how many insurance companies there are in Trinidad and Tobago? There are 47 insurance companies. There are 390 credit unions up to 1990; this is the 2003 figures; six commercial banks; 10 finance companies and merchant banks; five trust and mortgage finance companies; two development banks; three thrift institutions; two venture capital companies; one home mortgage bank; one deposit insurance corporation; reinsurance companies; export credit insurance; Unit Trust Corporation; stock exchange; and the National Insurance Board. These are all existing financial institutions. The Central Bank Report indicates that they considered only 31on-site examinations with 10 licenced financial institutions; 16 insurance companies and five pension plans. During the year, the bank found it necessary to initiate intervention action in companies for its continuing contravention of the Insurance Act. That is a shame and a disgrace. What is the Central Bank Governor and the Supervisor of Insurance doing, as far as financial institutions are concerned? There are 47 insurance companies. I read out the list of all these financial institutions. They have no shame by putting this in the Central Bank Report.

The Central Bank Governor is a very highly respected individual. I am sure the Supervisor of Financial Institutions is also much respected. That does not mean to say because they are well respected they must not do their work. You are supposed to do your work as a regulator in the country, regulating financial institutions. This is one of the reasons they did not do the work on Clico and Clico crashed. Is it deliberate? Were the Central Bank Governor and the Supervisor of Financial Institutions deliberate in making sure that Clico crashed? Was it for something we do not know about? Why is it they wanted Clico to crash? The Central Bank Governor only took action against one company in 2006. They only visited 15 insurance companies out of 47. What a national disgrace. The Central Bank said that they are the regulators? The Director of Co-operatives failed to regulate the credit unions, 300 and something credit unions. The Securities and Exchange Commission failed to investigate a number of insider trading and the Central Bank and the Supervisor of Financial Institutions have failed to investigate financial institutions and regulate and monitor them. What is happening in this country? Financial institutions are going and doing their own thing. Where is the regulatory mechanism? You want to come and stuff a 180-something page Bill and say that we must pass it this evening; the Securities Bill, with over 200 and something clauses, pass it?

You said that you have had consultations on it, when the previous Securities Bill took almost 24 years before it could have come into existence. The figures speak for themselves. The regulatory mechanisms and the regulators in this country have failed the financial institutions and they continue to fail. No amount of laws in this country will solve the problem. No amount of Security Industries Act will save this country.

Madam Deputy Speaker: The speaking time of the hon. Member has expired.

Motion made, That the hon. Member's speaking time be extended by 30 minutes. [*Dr. H. Rafeeq*]

Question put and agreed to.

Dr. T. Gopeesingh: Thank you colleagues and thank you, Madam Deputy Speaker. The question that we are asking from this side is: Can we trust regulators and the PNM big boys and the party financiers in this country? They are all interlinked.

I want to draw an analogy with the Stanford Bank in Antigua. With the collapse of the Stanford Bank in Antigua, the US Securities and Exchange Commission indicated that they believed he had perpetrated a massive scheme and assets were fraudulently overstated in the bank's balance sheets and deposit misused. How could such massive fraud of US $7 billion be perpetrated even though the regulators were there? Do we not have regulators in Trinidad? There

were regulators in Antigua. This has happened in Trinidad and Tobago, but to a lesser extent of what is happening in Antigua.

I want to draw an analogy of the Guardian Holdings sale to RBTT, Home Mortgage Bank shares sales to Stone Street Capital, CEMEX takeover bid to TCL and the insider trading with RBTT shares in the purchase of Royal Bank of Canada all took place under the watch of the Chairman of the Securities and Exchange Commission, Mr. Nurse. All these took place under the watch of the Securities and Exchange Commission. Why did they not do their work then? What, in this 2009 Bill would be different from the 1995 Bill that they could not do their work? Stanford is a bit of Madoff and he is a pinch of Enron.

The answer on the Stanford issue and the Antiguan Securities and Exchange Commission was given when the SEC unveiled fraud and bribery charges against Leroy King, the chief regulator. It was alleged that Mr. King was receiving substantial financial benefits from Stanford to produce false reports of the bank's inspections. Are we seeing something like this in Trinidad? Is there a Leroy King in Trinidad that is holding back certain investigations and not allowing them to go through? Leroy King was the regulator in Antigua. It was alleged that he received substantial financial benefits from Stanford to produce false reports about bank inspections. How are we certain that the regulators in Trinidad and Tobago are not, will not, or have not done the same?

Trinidad Express columnist, William Lucie-Smith wrote on Wednesday, July 01, 2009 that a US regulator discovered fraud and bribery in Antigua, which has gone unchecked for several years and is an indictment on the entire system in Antigua, not the failure of one man. Indeed, it should not be possible for one man to falsify regulatory reports without many people becoming aware of this. We must be conscious that Stanford brought a knighthood in Antigua and appeared to have a number of politicians in his pockets. This is the writing of William Lucie-Smith in the *Express* of Wednesday, July 01, 2009. Is that what happened here?

We understand that in the sale of Guardian Holdings shares to RBTT—I want to bring this to the attention of the House—the first trading took place on April 01, that year, but it was recorded on the books of RBTT as of March 31, which is the closing date for the financial year. That is the year when RBTT said they made a lot of profit and they boasted about the large profit. The trading took place with the sale of Guardian Holdings shares on April 01, but was recorded in the books of RBTT on March 31. The board had taken a decision, in February and not reported it to the stock exchange. That was supposed to have been disclosed to the public in 14 days. If the board had taken a decision in February and they were

supposed to disclose it to the public in 14 days, even though it is the end of February or sometime in March, the changes and trading on the stock market took place on April 01, but was recorded on the books on March 31. Can you imagine, during February to the end of March, the millions of shares sold and transferred with this insider information and insider trading? There were instant millionaires. The whole issue of the transaction was questionable and ought to be investigated. What is even worse is that the stock exchange listed the transactions in one name and in the company's register there were several names. This information should have gone on the floor of the stock exchange.

We understand as well that the stamp duty was not paid on these transactions. So many irregular things occurred in the sale of Guardian Holding shares of RBTT. What has been done about it by the regulators? We call this evening for a criminal investigation into the sale of Guardian Holdings shares to the RBTT. We understand that the investigation that was taking place by the SEC, they were instructed to stop the investigation. Mr. Nurse was instructed to stop the investigation. This is what we are made to understand. By whom? Is it the invisible hand of the one of the highest authorities in Trinidad and Tobago?

6.45 p.m.

This evening we want to ask Mr. Conrad Enill, who was the Minister of Finance, did he stop the investigation of the SEC into the sale of Guardian Holdings shares to RBTT? Did he instruct Mr. Nurse to stop the investigation? If the Minister of Finance did instruct Mr. Nurse to stop the investigation, who instructed the Minister of Finance? Is it the invisible hand of the highest authority?

We want answers to these questions, because millionaires were made overnight. That was insider trading; that was fraud in the stock market. This is why people have lost all confidence in the stock market. No changing of laws from the 1995 Securities Industry Act to the 2009 will change anything whosoever. We are made to understand that there was political interference at the highest level in that Securities and Exchange Commission investigation.

Another example of suspicious wrongdoing is the sale of the RBTT Financial Holding shares to the Royal Bank of Canada and that was an amalgamation of almost $13.7 billion, the largest deal to ever take place on the local market. We understand that board directors knew about this proposed sale of RBTT shares to the Royal Bank of Canada, long before. The broad base of the shareholders only knew about this one month before the actual sale was done. So, the board directors knew about this months before, but the shareholders knew about it only about a month before it actually took place. Another case of instant millionaires.

Directors of companies, we understand, bought millions of shares and instructed their families to purchase millions of shares. They knew what the bid price was from the Royal Bank of Canada and they knew what the price was then in the market for the RBTT shares. They bought a great deal of RBTT shares at a lower price and were able to sell them to RBC at a higher price. Is that not a glaring example of insider trading, fraudulent practice and criminal activity in the stock market? [*Desk thumping*]

Who is held accountable for it? Did the chairman of SEC investigate anything? You know where the former chairman of SEC is now? He was a regulator for SEC; he has gone to be an advisor to the Central Bank Governor now. So, he was a regulator with SEC; he is now an advisor to the regulator, who is the Central Bank director. He is cooling his heels now, because he probably could not take the jamming from the political interference that was being handed down to him when he wanted to prosecute people and he was not allowed to do so at the time. In about three or four instances which we have given you, one regulator going to another regulator, abandoning ship when the ship is sinking and in fact, stinking.

The debate now is not about crucial reforms that must take place if the market is to endure the global financial crisis and eventually position itself to compete with more fluid exchanges around the world. The downward trend in the local stock market has continued into the second quarter of 2009, and this is a report that was from the Trinidad and Tobago Stock Exchange, *Second Quarter Review and Outlook*, Thursday, July 09, 2009.

> "The local stock market has continued into the second quarter of 2009 with a decline. With the stocks on the Trinidad and Tobago Stock Exchange having experienced four consecutive quarter of losses, it is therefore too little too late trying to bring on this Securities Industries Bill by this Government.
>
> Many of these stocks are trading at multi-year loans. The stocks are at its lowest."

You know why? Because people lack the confidence in the stock market now, as a result of the massive insider trading and the manipulation of shares on the stock market of Trinidad and Tobago.

In fact, the volume trading of the second quarter of 2009 was 62 per cent less than that of the same period of 2008. A reflection of the current economic climate. The Trinidad and Tobago Stock Exchange Composite Index hit a low of 767 points on June 05, 2009, a level that has not been observed since February 2004, five years ago.

The Trinidad and Tobago Stock Exchange Market price to earning multiple continues to lie below its 10 trend line, reflecting the falling prices of the stocks in

the wider market. I quote from an article, the *Jamaica Gleaner*, Friday, July 27, 2007, published by Linda Hutchinson-Jafar, Business Writer. The Central Bank Governor, Ewart Williams, described the capital market in this country as being "nascent and unsophisticated", and "facing increasing pressures from both dealmakers and investors for accelerated development."

> "Seven years of significant reforms have gone by, but still the markets continue to exhibit signs of underdevelopment, said the central banker."

So even with this Securities Bill, 2009, we need more than that. Even the Securities Dealers Association of Trinidad and Tobago (SDATT) wants to hone in on those areas of the regulations that need to be strengthened for good market governance, and that was said by Ram Ramesh of the Securities Dealers Association of Trinidad and Tobago.

> "The dealers have provided the Securities and Exchange Commission with suggested guidelines for the fast-developing repo market that includes creating a 'robust' trading platform.
>
> The group also hopes to influence regulations on the mutual funds industry, securities underwriting and structuring, and bond trading."

The existing by-laws of the 1995 Securities Industry Act, will still continue even while this Bill is passed, because this Bill does not have any new by-laws and regulations attached to it.

Even though you change the Securities Industry Act of 1995, and you bring on the Securities Bill of 2009, which could become an Act, the by-laws and the regulations have not in fact, and will not in fact, be changed for a long time to come. How are the securities markets and the capital markets going to affected by it? It will still remain the same thing, and most of the investors and players in the market will have the need for the same sort of request that they have now, nothing will be changed.

In fact, this Government is guilty of passing a number of Bills and making them into Acts, promising to bring regulations and by-laws and you could never see the regulations and by-laws at the end of the day. A good example is the OSHA. The credit rating agencies, example CariCRIS and I quote:

> "While the slowdown is understandable, these fears are only making an already pessimist capital market slump further. If the fears sustain, the effect could become stifling, the writer notes."

So, what is it in this 2009 Securities Bill that is fundamentally different from the 1995 Bill? Is there anything that would reduce the fears of these investors?

There is nothing on it. Wayne Iton, the General Manager of the Trinidad and Tobago Stock Exchange said that new companies and securities must be listed this year if the market is to become more liquid. New listing would go a long way in energizing the market. He said he believed this would not happen on a large scale unless the state moved in to offer companies incentives on the Trinidad and Tobago Stock Exchange. This Government has a role to play in not only bringing the Bill to Parliament, but ensuring that the local stock market deepens. Other financial experts however, believe that the capital market should be left to peak and mature on its own without state intervention.

So, there are two schools of thought on it, one saying that you should have state intervention to deepen the capital market and another school of thought by another team of financial experts saying that that should not be done. We want to know from the Minister of Finance, what is the Government's view on it. You are the Government and you must tell us what your views are. Ms. Aretha Welch, in an article in the *Contact* from the Trinidad and Tobago Chamber of Commerce, Vol. 9, No. 1, 2009, said:

> "'We need more variety and new instruments to trade on, we need to create a broader, deeper market'.
>
> One way the local equity market can offer variety to regional investors is via depository receipts (DRs), essentially certificates representing ownership of a foreign company's shares."
>
> Therefore not only new legislation is required.
>
> "…the SEC…the Ministry of Finance would develop a comprehensive régime to govern the introduction and operation of the TTDR programme..."

Guidelines and by-laws must be passed before the trading of DRs, but the Trinidad and Tobago Stock Exchange and the Securities and Exchange Commission will still be operating under the old guidelines and by-laws, even when the passage of this Securities Bill is done.

As we close, even this Securities Bill, as it is now, that is being brought to Parliament, for our approval, we say that is outdated as it is, and even when it is passed it is going to be outdated. By bringing this Bill you have not brought the by-laws and the regulations that should have gone with it. You will not be improving the whole aspect of regulation, because you will still be existing under the old by-laws and old regulations.

Madam Deputy Speaker, the last point, is that this whole aspect of regulation of the financial sector and financial institutions must always continue to be looked at in the context of what the reform of the White Paper on Reform of the Financial System of Trinidad and Tobago, and my colleague from St. Augustine touched on it. He spoke about it in June 2004, and there was the vision of new financial landscape of Trinidad and Tobago. It spoke about the role of government and made recommendations, with general recommendations of a legislative framework, financial reporting standards, regulatory and supervisory systems, regime of taxation, telecommunications, infrastructure, competition policy, all these things. Unfortunately, very few of them have been implemented.

Amongst all those recommendations on this White Paper on the Reform of the Financial System of Trinidad and Tobago, and this Securities Bill of 2009, is one of the issues as far as that is concerned. The implementation plan as suggested is as follows, and if we examine what has happened we would see that very little has happened:

Institutional infrastructure:

- Establishment of the office of a financial service ombudsman. No Ombudsman has been appointed.
- Establishment of a regional credit rating agency. No credit agency has been established.
- Establishment of an automated credit bureau; not done.
- Establishment of a regulatory council and single regulatory authority, which my colleague from St. Augustine mentioned as well, that the original plan on this was a single regulatory authority.

You have three regulatory authorities that are, at the moment, crossing over each other. So, where is this single regulatory authority? This Government does not know what it is doing. You bring pieces of legislation here and there; you brought the Financial Institutions Act last year; you brought the Securities Bill this year; who knows what you are going to come with; all helter-skelter, and you are confused.

7.00 p.m.

These recommendations were there for the Government to follow. Five years ago these recommendations were made and they did nothing about it. [*Desk thumping*] The legislative agenda: “Establishment of a national payment system”.

They have not touched on their pensions, their credit unions, their venture capital; all of these were matters for them to take into consideration and for implementation according to this White Paper on the Reform of the Financial System. [*Interruption*]

So, Madam Deputy Speaker, this Government has failed. It has failed miserably to effect any changes in the financial system of Trinidad and Tobago; the system is worsening; investors have lost confidence, so no matter what Bill they bring—Securities Bill, 2009—the people of this country will see it as nothing, it is meaningless to them and it will not affect the lives of the people of Trinidad and Tobago. Even the investors have no confidence, they have a fear of the stock market, they have fear of the capital markets and they will not be satisfied.

With those few words I thank you very much, Madam Deputy Speaker.

The Minister of Legal Affairs (Hon. Peter Taylor): Madam Deputy Speaker, I am happy to rise to respond to the Member for Caroni East on an Act to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets, and really, to strengthen the regulatory ambit.

Madam Deputy Speaker, to listen to the Member for Caroni East, I think is the most inaccurate contribution we have heard on this side for a very long time, [*Desk thumping*] particularly as it relates to this Bill. How could the Member tell the country that there was no consultation on this Bill. I think it was on some occasion before that the hon. Member for Lopinot/Bon Air West suggested to the Member for Caroni East that he needs to fire his research assistant.

Mr. Dumas: True, true.

Hon. P. Taylor: That is clear that he has been misled, deliberately so. [*Interruption*] The Leader of Government Business sought to allude to the consultation, but we have it here.

Dr. Gopeesingh: Would you be kind enough?

Mr. Abdul-Hamid: Wait hold on, “nah” man. Hold on.

Mr. Dumas: “Nah, doh give him.”

Hon. P. Taylor: It was recognized that the SIA of 1995 had inherent weaknesses. That was recognized, and therefore it was incumbent upon the Government to—as I say—widen the regulatory ambit, strengthen the regulations, because at the end of the day investment is about people. It is about people's

savings; it is about persons putting aside for a rainy day. So, consultations were held and we recognized that changes had to be made. Let me read into the record as far as the legislation 2009 is concerned the extent to which consultations were held.

On May 09, 2008 in Tobago; we came back to Trinidad on May 13, and, again on June 03, 2008—as the Member said—with the Law Association. If it is one thing the PNM could be proud of, it is consulting with the people. [*Desk thumping*] If I take Members back to as early as 1962 when the Queen's Hall Conference was held to deliberate on the new Constitution, the then Prime Minister had it to say that it was the Government seeking advice from its citizens, in fact, and educating democracy in deliberation.

So, the issue of consultation is nothing strange to the PNM. In fact, let us read into the record the stakeholders who took part in that consultation. [*Interruption*] The Central Bank, the Stock Exchange of Trinidad and Tobago, Members of the Law Association, the Financial Planning Association, the Securities Dealers Association, the banking sector, various credit unions, UTC, various ministries, the Tobago House of Assembly, and of course, members of the public. [*Interruption*] More than that, as a consequence of these consultations the commission received a whole series of recommendations and a whole series of suggestions, so what we see in the 2009 Bill really reflects the concerns of those stakeholders. [*Interruption*]

Madam Deputy Speaker, what is worse is that the Member for Caroni East challenged the Government to tell him what those recommendations were.

Dr. Gopeesingh: Tell us.

Hon. P. Taylor: No, but we have it.

Mr. Ross: "Something wrong with he, doh let him lead you astray".

Hon. P. Taylor: For example, on the issue of insider trading a question was raised, how does the proposed Bill deal with distribution which has been offered to foreign investors governed by the laws of a foreign jurisdiction—and they suggest that the end product will not return to Trinidad and Tobago? That was a question that was raised. The recommendation was proffered that a provision be inserted for the issuer to submit to the commission and request an exemption to registration.

Mr. Abdul-Hamid: All of that went on.

Hon. P. Taylor: All of that went on.

Mr. Abdul-Hamid: He said it had no consultation.

Mr. Ross: He is a stranger to the truth.

Hon. P. Taylor: Issue to less than 35 investors typically known as private placements now subject to registration. These are concerns. [*Interruption*]

Section 77(2) defines the number of security holders, and the suggestions and recommendation was that if the issuer is a reported issuer, the security has to be registered. If the issuer is however, not a reported issuer, then in a limited offering no registration is required. If I turn a question under improved surveillance—the Member talked about surveillance—it was asked: are there any differences between market actors, broker dealers—for example—underwriters? Section 55 addresses that. There are a whole series of questions and answers that came out of the consultation that speaks directly to what is now before this House. So, it is clear that the Member tried to mislead us without success.

Hon. Member: He is a "fella" like that.

Hon. P. Taylor: To address another erroneous and reckless point made by the Member for Caroni East is to suggest that for some reason the Government was negligent and it is for that reason that Clico went the way it did.

But in all the pronouncements from the informed, it is clear that Clico's downfall was in the name of its own doing. If we listened to what the Central Bank Governor had to say—this is an article, February 01, 2009 published by Verne Burnett entitled "CL Financial problems of its own making" and this is the Governor of the Central Bank giving his opinion and I quote:

> "While there might be a temptation to attribute the problems at Clico Investment Bank, British American Insurance Ltd and Colonial Life Insurance Co Ltd (Clico) to the global financial crisis and the decline in methanol and ammonia prices, Central Bank governor Ewart Williams…made it clear that the bank believed the true source of the problem lay in the way the CL Financial Group was being managed. Williams announced on Friday that the Government is to take majority ownership of banking giant Republic Bank Ltd, take over Methanol Holdings Ltd and Clico Investment Bank..."

This is the important part; the Governor said that the reasons which made Clico insolvent as it was, were essentially:

- "Excessive transactions among companies within the CL Financial Group 'which carry significant contagion risks.'
- Offering high interest rates to attract deposits which were then used to finance high risk investments in mainly illiquid assets"—particularly—"real estate."

While on that point, that is the same problem that befell the HCU. The HCU invested people's money in what are essentially illiquid assets. If you invest in illiquid assets such as real estate and persons knock on your door for payment for dividends, the turnover time for real estate is very long. When you consider the pecking order of liquidity, first you have cash, your short term bonds; real estate is way down the list and this is the problem that befell these institutions. So, it had nothing to do with lack of regulation on the part of the Government. The very nature of the investment portfolio sowed the seeds of the destruction of those institutions.

The Member went on to ramble as it were in trying to suggest that the regulatory industry the SEC was—as it were—sleeping on the job. But as early as 2006 the SEC issued a press release alluding to the fact that it had its own concerns about the industry. This is a release dated July 18, 2006 and it was a release that spoke to the consultation we engaged in of the SEC with stakeholders and it was acknowledged, and I quote:

> "A major function of the Securities and Exchange Commission is to maintain surveillance over the securities market and ensure open, fair and equitable dealings in securities."

Mr. Terrance Clarke the GM of the Commission highlighted the fact that:

> "Within recent times the adequacy of the capital held by underwriters registered under the Securities Industry Act, 1995"—became—"a matter of concern to the Commission.
>
> With a capital requirement of five million dollars, underwriters registered under the SIA are not subject to the same requirements as those registered under the Financial Institutions Act, 1993..."

7.15 p.m.

The Commission paid particular attention to:

> "the potential risks of the market that can result from underwriting being undertaken by persons with inadequate capital."

And further:

> "the inequity in the financial market of Trinidad and Tobago resulting from the different capital requirements applied to persons conducting the business of underwriting as registrants under the SIA and licensees under the FIA."

This was in 2006 and coming out of that, Madam Deputy Speaker, it was recognized that consultation was necessary. So, the SEC was never as it seems to

be suggested by the Member for Caroni East, negligent or delinquent in the management of the industry.

Madam Deputy Speaker, the new SIA as I said, seeks to make greater provision for enforcement.

Hon. Member: True.

Hon. P. Taylor: If you make a comparison of some of the old sections, vis-a-vis, what is in this Bill, you would see for example, that there are certain provisions that were not in the old legislation, and one of those areas has to do with market enforcement and I will give an analogy. In some of the old legislation, the 1995 Act, the provisions were somewhat nominal insofar as the penalties were concerned. What we see re penalties in the sum of $2 million and incarceration for up to two years. Let me make an analogy as to why it is important to strengthen the penalties.

For example, if we take something that we might all be familiar with and that is the kindergarten scenario, parents take their children to school and when school is over let us say at 2 o'clock, some parents as it were, would invariably reach late for their children. So what the schools did was to impose a fee for parents who come after school is over. What you would expect is that because the fees are being imposed, parents would pick up their children earlier. In fact, what happens is that parents come later for their children. They pay the fee and continue to come later.

What the legislation contemplates, Madam Deputy Speaker, it recognizes that the fines must be punitive enough to serve as a deterrent for wrongdoing, rather than persons seeing the nominal fee being worth the price, worth the—in other words, the fee must be significant enough to deter insider trading, market manipulation, and these are some of the provisions that are starkly different from the old legislation. I could not have listened without putting on record and correcting the record insofar as the Member for Caroni East sought to give a very wrong interpretation, as to what this legislation contemplates.

Madam Deputy Speaker, I will end by saying that in all of this we must acknowledge the role or the importance of people. It is the ordinary citizen who suffers when insider trading takes place, it is the ordinary citizen who suffers when market manipulation is allowed to take hold, and this legislation, I respectfully submit, is intended to close those loopholes and to correct the infelicities that the old Securities Industry Act, 1995—[*Interruption*]

Dr. Moonilal: What word is that?

Hon. P. Taylor: Infelicities. With those words, I close, Madam Deputy Speaker. [*Desk thumping*]

Mr. Chandresh Sharma (*Fyzabad*): Thank you very much, Madam Deputy Speaker. I think this debate today has to be put into some context, and when we came to this Parliament two sittings ago, the Government presented legislation to treat with the pension of three or four citizens, and at the last sitting they came with legislation to punish one million people by denying them the right to participate in local government elections. What are they doing today?

As we listened to the mover of the Bill, the mover said nothing that adds value to the lives of the people Trinidad and Tobago. The mover talked about protecting investors. When you listened to the second contributor, the hon. Minister of Tourism, he seemed to be in a far-fetched country, he seemed to be under a palm tree somewhere, because again, he said nothing that seems to suggest that the legislation being presented today is going to add value. And the same thing can be said for the hon. Minister of Community Development, Culture and Gender Affairs.

The last speaker for a long time, kept us in kindergarten until he used a big word at the end of it. But again, we have to look at the context in which the Minister presented, because the Minister seems to suggest that we are treating with a situation obtaining from the world financial crisis. In fact to use her words, she referred to the world economic crisis, and some reference was made by the Minister about the Clico arrangement. But in the eyes of the simple citizens, the common citizen in Trinidad and Tobago, what stands out in that citizen's mind is that there was a situation in Clico and the only beneficiary was the hon. Minister, having secured large sums of money that were held there.

Further, Madam Deputy Speaker—[*Interruption*]

Mrs. Nunez-Tesheira: Madam Deputy Speaker, Standing Order 36(1) imputing improper motives. That is absolutely incorrect. Standing Order 36(5)?

Madam Deputy Speaker: Yes, hon. Member, I agree with the hon. Member for D'Abadie/O'Meara.

Mr. C. Sharma: Madam Deputy Speaker, it is in the public domain that the Minister withdrew money from Clico. [*Interruption*] [*Crosstalk*]

Mrs. Nunez-Tesheira: That is in the public domain—

Mr. C. Sharma: That is in the public domain—[*Interruption*]

Mrs. Nunez-Tesheira: Yes, and that is what this speaks with.

Mr. C. Sharma:—and that is reference I am making. I said in the minds of the citizens, the only thing that obtains out of the Clico thing is that the Minister of Finance caused moneys that she had placed in an account on deposit there to be drawn, and that is the only thing that stands out. Now, is that wrong? [*Crosstalk*] And then the Minister—

Madam Deputy Speaker: Now you see, you are saying something different. What you said there is not in dispute.

Mr. C. Sharma: Okay, but that is all I am saying.

Madam Deputy Speaker: Okay, so that is your correction?

Mr. C. Sharma: Yes, that is all I am saying and for the record I want to make it very clear. All I am saying is that the Clico matter grabbed the entire national community's attention. In fact, in the Caribbean as well, and the only thing that stands out in the minds of citizens of Trinidad and Tobago and the Caribbean, is that the hon. Minister of Finance caused moneys that she held in an account there to be obtained by her. That is all I am saying.

But also this evening, the Minister failed and purposely, to talk about the HCU, because when you talk about investors, here you have close to 200,000 investors with more than $1 billion in investments and no reference. In fact, the Government has done absolutely nothing to indicate what element of protection or what element of assistance would be made to the HCU shareholders. It begs the question, how is the legislation presented in Parliament, really addressing the issues of country as it relates to the economic crisis? Because that is the economic crisis that the country is facing today, one of the many that it is facing.

In fact, the Minister indicated that this will lead to a recession—what the Government allowed. As I listened to the last speaker when he indicated that Clico obtained its situation because of its own fault, is the Government saying that while it has failed to regulate—because the Government has agencies, and the laws of the land provide for protection of persons who deposit moneys—it had no responsibility? If that is what the Government is saying, they are wrong. The Government had a responsibility to look into the affairs of Clico.

In fact, many people are now arguing, based on a newspaper report that obtained in the *Sunday Express* about a month ago, the simple-minded person is thinking that the Government turned a blind eye to Clico because it obtained a $20 million financial contribution. That is what the Government sold out for. It was prepared to see Clico go to the ground; that thousands of people lose their

money because all they were prepared to do was to receive this $20 million and perhaps much more than that. It is no secret that the HCU also gave the PNM contributions and they turned a blind eye again.

So once the Government is in the process of receiving moneys for its political work, they are prepared to let the country fall apart as it relates to the financial institutions—because two stories must be told in this country, one is that the Governor of the Central Bank indicated in the public domain, in the presence of the hon. Minister of Finance, that they were talking with Clico for years now. So the Clico matter did not surface overnight, and the same thing with the HCU.

You have a Commissioner of Cooperatives who is a legal entity in this country, who is funded by the taxpayers and they allowed it to go. Long after, we read in the newspapers that Clico gave the PNM $20 million as a campaign fund and the simple-minded person in Fyzabad and elsewhere is saying, "Aha, that is what the Government sold out to." The Minister asked the question in the global context, "How did we get here?" Well, we only got here because of mismanagement by the Government. There is no other way how we got here because the Government has a responsibility; the Government has the resources; it has access to all the experts, globally in the Caribbean and elsewhere, to make sure these things did not obtain.

In fact, Madam Deputy Speaker, we do not have to go far to look to see what obtains in this country when the country was faced with a similar situation. During the Panday administration of 1995 to 2001, oil was at $9 a barrel, but we were able to grow this economy to 4 per cent, while under the PNM, it was growing at 1.4 per cent. In fact, at one point we were able to move the economy to 6.9 per cent higher than the global growth at that time, because the world growth was 3.5 per cent. So right here in small Trinidad and Tobago, we have the experience because one of the things we did was to engage the best minds at all times. We always looked after the interest of the people of Trinidad and Tobago and that cannot be said of the current administration. [*Desk thumping*]

We were doing as well as countries such as Malaysia, Hong Kong, Korea, Singapore, who were achieving even higher growth rates during that period of time. In the Caribbean, Bermuda and Barbados were doing similar. So that for the Government today to come and say, we are bringing legislation because of the world economic recession, they have not told us what they are going to do. They are not telling us how they are going to assist the national community, and how the community is going to benefit from this thing. So to come today to say, "You know what, we are passing this legislation in response to the world economic

recession," is not good enough. I always argue that the Government must be messengers of good news. Nothing this Government has come and told the national community in the last three or four sessions is of any value. I can go back to a whole year or to a whole two years, but I am trying to be as fresh as possible.

[MR. SPEAKER *in the Chair*]

How does this legislation restore trust to the national community? How does this make Trinidad and Tobago a safer community for investment for our people?

The hon. Minister of Legal Affairs talked about how it affects the small man, but does not say how he is going to be attended to.

7.30 p.m.

They acknowledged that the small man would be affected, but they did not say that it would assist in such and such ways. How does that legislation help with good governance? The country is in a crisis; murders everywhere you turn; lack of police officers; lack of resources; people are being shot all over the country. They go to the hospitals and there is no medication. How is this Bill going to lend to that?

Based on what transpired previously, nothing in this legislation tells us it is going to improve transparency and accountability, absolutely nothing, and that is what the citizens want to hear. They want to know: How does this benefit us? Whether I am a businessman in Fyzabad, whether I am a taxi driver in Port of Spain, whether I am homemaker in Point Fortin, how does this develop economic growth? How is this going to add value?

Under the Panday administration we kept increasing the size of the pie so more of our citizens could benefit. Why were citizens happier then? How was it that they could have picked up the phone and call for an ambulance, and within minutes it was there? How was it that they could call and the police station phones would be working and a police officer could be at their door in two or three minutes? What was different then?

Mr. Dumas: None of that is true!

Mr. C. Sharma: All of it is true. The difficulty with the PNM is that they do not ever like to accept truth. [*Desk thumping*] They have no development.

How does this add to real measurable and meaningful employment? Every Monday morning we see citizens losing their jobs and, on the other hand, we see you bringing in citizens from another place. Under the Panday administration we were able

to create 89,000 good jobs. How did we do it? It is because we were engaging all minds in the country; we made sure that the nationals of Trinidad and Tobago felt— Even persons who are sitting in government now came to the Panday administration seeking a place, and they are smiling, which is good.

Mr. Dumas: You rejected them!

Mr. C. Sharma: No, he did get a supervisor; do not embarrass him, please; he is your colleague.

How were we able to have a healthier nation? People were smiling; there was love all over; people were visiting their friends and families. Now, kids are on holidays and they cannot go anywhere; they cannot go to the beaches, there are no lifeguards. Last week the Member for Barataria/San Juan told us, he told the nation, "Keep your children at home; we are training lifeguards; they will come on board next year." That was what the Minister told us last week. [*Interruption*]

Mr. Ross: Mr. Speaker, I think the gentleman is reporting incorrectly; I never said that last week.

Mr. C. Sharma: My good friend, if you cannot say what you said, you are saying absolutely nothing, so we have to say. There are no lifeguards at the beaches; none in Erin; none in Quinam; none in Los Iros.

Mr. Ross: That is totally untrue. I reported that we have lifeguards at the various beaches and we are increasing the complement of lifeguards. We are conducting training, and when the courses are completed we would have additional lifeguards to add to the beaches.

Mr. C. Sharma: My good friend, I do not know if your English is different to mine. You have lifeguards in training, in the meantime, the children have to stay home until the lifeguards are trained. How many of our beaches are without lifeguards? But that is not the point, the comparison I wish to make is that during the Panday administration all our beaches had lifeguards. What was the difference? Which beach did not have? [*Desk thumping*] [*Crosstalk*]

We talked about a highly educated, intelligent workforce; we started the training programmes. All you did was convert the existing schools to a name called the University of Trinidad and Tobago (UTT), but they were established, they were there, they were educating people. You came with a name change. We were training people in the Unemployment Relief Programme (URP), [*Crosstalk*] there was a training element. Again, you are not doing that. We talked about constitutional reform—all the things that we talked about last week—we talked

about them because we realized that our citizens needed to participate in more meaningful and measurable ways. You are denying persons that today.

Mr. Speaker, let us reflect a little. The Member for Port of Spain South spoke about the social welfare approach that was needed in times like these, but many of our people do not want to get handouts; they want to be trained in something; they want to be proud owners of their income. During the UNC administration period, our social welfare approach was one that was more developmental and it allowed participation. It was intended to create an environment that would allow persons to earn income, to participate in economic activities.

In fact, it dictated that Trinidad and Tobago formulate and implement policy measures that would ensure sustainability of the growth process. Today, what the Minister has presented suggests nothing of the growth process. It was meant to promote greater use of the economic base; nothing the Minister said today indicated that. It was meant to establish a dynamic and energetic business climate conducive to both local and foreign investments.

I recall in 1997 there were 40 foreign companies from Europe, Asia, the Americas and the Caribbean, coming to Trinidad and Tobago to do business; only in 1997. What have you done? Based on your submissions today, tell me one company that is coming. The economy showed growth with gross domestic product growth in 1999, recorded at 3.9 per cent, inflation of an annual rate of 2 per cent. When oil was $9 a barrel, for the first time in 15 years we were able to bring unemployment to 11 per cent. [*Desk thumping*] I know with the PNM it is now 19.7; so that is what governance is all about.

When you come here and talk about, "We are responding to the world economic recession," nice terms, but it says absolutely nothing to the thousands of persons listening to you; they must be very confused. They must be saying, "Why is this Government punishing us? Let me tell you what you have done. I particularly refer to 1997 when, under the Panday administration, in that year alone, we brought 40 foreign companies.

Today, in the year 2009, doing business in Trinidad and Tobago: Last year we were 71 out of 181, under this current administration. In less than one year you have moved us to rank 80; we have lost nine points. So we moved from the Panday administration in 1997, bringing global companies, as much as 40, growing the economy of Trinidad and Tobago more than that of the world economy. Starting a business, we were 44 last year, you have moved us to 56 this year, a minus of 12 points. Dealing with construction permits, you have mastered that, seeing how many Chinese get work permits—we were 81, and you moved us

to 84; we have lost three points. Employing workers, no change; registering property, minus three, 161 last year, 164 this year; getting credit, we were 25 last year, this year, 28; we have lost three points. Protecting investors, very interesting; we were 15 last year, we are now 18; a loss of three points; so even that you cannot do. Your legislation is not helping you.

Paying taxes, we were 49 last year, this year we are at 51; a loss of two points; trading across borders, we were 45 last year, this year 47, a loss of two points; enforcing contracts, you have scored what? We were 168, we have gone to 167, plus one; closing a business, we were 181 last year, 181 this year. So in 2009, starting a business, we are ranked 56, last year we were ranked 44; a change in rank of 12.

Mr. Speaker, this matter that the Government has brought today, they seemed not prepared to present arguments; they seemed at a loss, when you listened to all the speakers. They really had very little to say that has added value. It seems as if the Government does not plan its work. We have always argued that the Opposition is your partner in government, share the information with us before you bring it to the Parliament and we would tell you where you could improve. You have the UNC Manifesto in the Parliament library, it is a public document and it has a lot of learning in it, a lot experience.

I indicated that from January 1996—December 1999, 57,800 persons entered the job market. Today, under the PNM administration, persons are losing their jobs daily.

I had hoped that the Minister in moving the debate today would have told us how this Bill was going to attract higher levels of foreign direct investment. I would have hoped that the Minister would have told us how this was going to expand our export output, with the manufacturing sector in particular, and what kind of incentives there would have been. We are talking about protecting investments; you protect with incentives, you protect with ideas, you protect with assistance, and nothing of the sort was said.

I wanted to know how you were going to expand the educational and training opportunities so that persons entering the job market, working for investors and others, would be protected and they could add value. You have done nothing of the kind; you have not indicated how you are going to increase training opportunities.

You are talking about protecting the investors, and the Minister of Legal Affairs indicated that the small man was affected. How are you going to increase his income? Is this Government satisfied that the minimum wage of $9 can really meet the needs of families? We have provided evidence and documentation on

numerous occasions that they cannot live on $9 per hour. We have argued that pensioners cannot live on $1,920 a month. What more do you want.

The only purpose of legislation is to demonstrate in meaningful and measurable ways how it is going to add value. People voted for both of us in office; could you go back and tell them, "I really did well for you?" Outside of using the political advantage you have and building all kinds of things in your constituencies, you do absolutely nothing else, and even that has high levels of discrimination. I recently saw squatters in the constituency of the Minister of Finance being regularized. I said, "That is good." The houses of squatters in the constituency of Fyzabad are being broken down and babies are left in the rain. How do you argue that? You carry electricity and water. [*Crosstalk*] You cannot say that the squatters are— This is a silly argument; we are talking about equality for all our people. On the one hand, you cannot have improvements taking place only in the PNM constituencies, moneys being spent, and in the other UNC constituencies you are destroying the very thing. [*Crosstalk*]

I wanted to hear from the Minister today how this legislation was going to develop the pace of development, how it was going to add. Under the Panday administration, we did very well in manufacturing; we were exporting across different places. People would come from all over to purchase our goods and services. What has happened today? Nobody is coming to do business here.

Mr. Speaker, you would recall in 1996 the Panday administration attracted in excess of US $600 million in direct private investment and that continued every year after that, until we were robbed of office.

In fact, Trinidad and Tobago became the major investment partner to the United States, outside of Canada. That was governance. In preparing for that kind of investment and preparing to improve the standard of living for all our people, we went into free universal education. The dream that the Father of the Nation had, the late Dr. Eric Williams, was obtained under the Panday administration some years later.

I do not have to remind you that the Trinidad and Tobago Institute of Technology came under the UNC, also the College of Science, the National Training Agency (NTA) and the National Energy Skills Centre.

7.45 p.m.

So today when we talk about protecting the investors, the UNC has done the work for you. You have not introduced anything new. You are not an exciting

Government. You must motivate people; people must become excited about you. When they see you they must say, "Oh, here comes my Prime Minister. I will have water in my pipe; I will have police officers; I will have ambulance; I can go to the grocery and buy food." That is excitement. And you can do it but you have to be more open.

Mr. Manning: Mr. Speaker, I just thought I should advise the hon. Member for Fyzabad that had he been at the Dayanand Memorial Vedic School this morning he would obviously have come to a very different conclusion. [*Desk thumping*]

Mr. C. Sharma: Now, you must be very careful if you are going to excite those little children. You have a larger responsibility to excite the whole country because the country needs that. That is an important point the Prime Minister is making, because every day people want to get up on mornings and look to the rising sun; it is important; it is healthy. But more than that, they want to have hope. I think what is happening, Mr. Prime Minister, is that people are beginning to lose hope, little by little.

Oftentimes when we argue from this side and say: "Prime Minister, projects are not coming to our constituencies; we are feeling that we are being discriminated against", oftentimes you tell us write and send that information, and you were not present in the Parliament the last day and I demonstrated, I said 90 per cent of your Ministers have not visited Opposition constituencies because they treat us with contempt. I make the further point, every PNM member— [*Interruption*] Well I said 90 per cent. You do not know the math. The further point I want to make is that—

[*Mr. Imbert rises*]

I hope it is about dinner.

PROCEDURAL MOTION

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, in accordance with Standing Order 20, I beg to move that the House continues to sit until the conclusion of this Bill.

Question put and agreed to.

SECURITIES BILL

Mr. C. Sharma: Thank you, Mr. Speaker. Through you, Mr. Speaker, on the last day when the Prime Minister was in the House, the Prime Minister gave a commitment as it related to local government and I immediately took my seat, and if the Prime Minister can give a commitment that citizens of Trinidad and Tobago

would be treated equally, that the resources of the State would meet more and more of our citizens, I would be prepared to speak for only one more minute.

When the Minister moved this motion, I wanted to hear—and when I say I wanted to hear, I mean the constituents I represent and the constituents that all of us represent on both sides of the House, that this legislation will protect investors, according to the Minister. How will it improve the quality of life? You cannot give us airy-fairy stories— protection of investors. It must have real value.

That is why I say oftentimes when you move Bills in the House you do not seem to be able to communicate that for some strange reason. You need to tell us how this would give greater equity to all investors. Are there incentive packages available? Are there going to be training programmes? Is there going to be protection in a meaningful way? Because when you say protection, there are many people in business and they are not getting what we are saying and you have to find more ways to talk about that.

I heard some reference made as it related to the Financial Sector Assessment Programme. This came about when the IMF and the World Bank came to Trinidad and Tobago during the period February 21 to March 04, 2005. So this has been in the public domain for a long time. Then they came back in May 02 to May 10. They had some concerns and those concerns have not yet been addressed. They were talking about:

> "Increased savings and limited domestic investment has put upward pressure on asset prices and balance sheet values of pension funds, mutual funds and insurance companies...
>
> The authorities recognize that current legal and supervisory practices are not yet fully geared to cope with the evolution of the financial system."

Nothing you said today tells us that has changed:

> "Financial sector laws, in many cases, do not provide sufficient regulatory powers to oversee the complexity of the financial system."

That is why Clico may have gone the way it went and HCU and you cannot keep removing yourself from it. You want to benefit. Twenty million dollars is a lot of money. I understand that was only one cheque:

> "Currently oversight of complex…"

Structures are required to be attended to:

> "A part of the financial system in the form of statutory corporations lies beyond the purview of regular …oversight.

The authorities have begun an ambitious program to strengthen the financial sector and upgrade the framework of financial oversight to address the structural changes and the new risks it faces."

This is 2005. Very little has happened.

"Key elements of the program include a far-reaching overhaul of several financial sector laws; strengthening of supervision within the Central Bank of Trinidad and Tobago (CBTT); implementation of…and cross-border supervision of financial (houses) bringing less regulated and supervised institutions under closer supervision;"

If you were doing your work, HCU would have not gone where it went. You really owe this country an explanation and you owe all those shareholders corrective measures. Perhaps before you wind up the debate you must address those issues. Those are the issues people want to hear you talk about. The findings also included:

"The financial system is diverse and appears large with assets at 170 percent of GDP in 2004. Apart from commercial banking sector, merchant banking, insurance, and pensions businesses are significant. The latter three possessed an asset base larger than commercial banks by end-2004. Another unique feature is the dominance of the system by a small number of financial or mixed activity groups that are sponsors of mutual funds and asset managers."

So here the World Bank and the IMF came at our invitation in 2004—let me tell you, this started under the Panday administration, "eh"; it continued.

"As of December 2004, the banking system's loans and investments abroad were spread over 20 countries, concentrated within the region. (Again) CARICOM countries account for 85 percent of the T&T banking system's loans and investments abroad.

Regional integration has progressed through the securities markets."

The Panday administration:

"Since 1997, around 18 percent of new equity issues on the Trinidad and Tobago Stock Exchange (TTSE) have been accounted for by cross-listings of CARICOM companies."

Mr. Dumas: That is a convenient comparative dateline, you know. It does not mean anything.

Mr. C. Sharma: You must always be comparative. What is the point you want to make, though?

I continue:

> "Over the last decade, commercial bank share in the financial systems has eroded…"

So the Panday administration went out of government, erosion started to take place, at a growth of 10 percent annually. This is very frightening:

> "Overall, the banking sector is well-capitalized…At 23 percent of risk-weighted assets, the average capital…ratio of the system is well in excess of the minimum 10 per cent…"—as the regulations require.

And they went on to talk about "Insurance and Pensions" and "Securities Markets".

So the PNM administration came into office and met work in progress. You did not have to start anything from fresh; it was there; you had to build on it, and when you look at what has happened today, you have not added any value whatsoever. When you look at the 164 clauses, many of the speakers have made some reference—you see, the Bill talks about:

> "An Act to provide protection to investors from unfair, improper or fraudulent practices;"

Unfair and improper, from whom? Well, the first person is the Government and the Government itself has been unfair and improper when you look at what obtained at Clico, HCU and many other similar institutions. "Fraudulent practices", can one argue that the withdrawal of the money by the hon. Minister from Clico was fraudulent? I am asking the question and I am guided, it may not be so. [*Interruption*] Yes, I have answered it myself. But, you see, in the eyes of the simple citizens, they are confused.

Hon. Member: Like you.

Mr. C. Sharma: You see, they cannot go and withdraw their money. I do not have any money in Clico, unfortunately. They are very confused.

Again, when we legislate, we must legislate in a manner that makes it clearer for them.

> "…foster fair"—access to—"capital markets and confidence in the capital markets in Trinidad and Tobago…"

Who must manage this confidence? Who must be the masters of the confidence? It is the Government, and because of the mismanagement, because you cannot seem to get a single project within budget, whether it is road paving;

whether it is the building of a hospital, the Brian Lara Stadium, whatever it is, that tells the country something is not right and they are concerned.

When the Opposition tells it to you, we tell you out of care, out of love. After you we will have to come into governance and we will have the same work to continue. You were in opposition; you have gone into government; this is how it goes. We all have to live here; we have to govern, but when you govern, you also govern for me and when I govern, I govern for you too. That is how it goes.

Mrs. Gopee-Scoon: Your time up. Come on.

Mr. Manning: When you intend to govern me?

Mr. C. Sharma: At the next election. [*Interruption*] Are you serious? You think you will continue after the next election? I do not think so. Your time has come, my good friend. I think you will have to go into preaching.

Mr. Manning: Into what?

Mr. C. Sharma: Preaching.

Mr. Manning: I will do that too.

Mr. C. Sharma: I will invite you to the Unity Coup to deliver your first sermon.

Mr. Manning: That is no problem, I might come.

Mr. C. Sharma: "And to reduce systemic risk;" Nothing the Minister said today has influenced us that that is going to happen.

> "…to co-operate with other jurisdictions in the development of fair markets, and for other related matters."

Nothing was said.

So it is clear that the Government has brought this legislation—I have given a commitment to speak for only 45 minutes today. I am hoping that in the response of the Government, it would treat with the issues we raised. We have raised a number of issues.

We always argue, and as the Minister of Legal Affairs also indicated, that the small man must also be told; how is the financial system, based on today's legislation, going to be better in terms of the benefits he may obtain? We must make sure that the work of the Government must have one thing in mind, and that is, really to add value to our lives. There must be clear thinking for all the listeners to the Government legislation.

The last point I want to raise relates to the other pieces of legislation that were promised in terms of it being a total package. You would recall, under the UNC we had brought the Equal Opportunity legislation because citizens, again, are not feeling satisfied living here; they are not feeling part of the system. They think that they are discriminated against too often; they feel there is no equality, and legislation must always point them closer in that direction; legislation must never appear for a few.

We must not come in the Parliament to debate, all 41 of us, and we are treated with issues that are really in the domain of a few people. As often as we could, we must speak for all of Trinidad and Tobago and certainly what has been presented here by all the speakers, in my respectful view, does not seem to suggest it is going to have any value.

Thank you very much, Mr. Speaker. [*Desk thumping*]

8.00 p.m.

The Minister of Finance (Hon. Karen Nunez-Tesheira): Mr. Speaker, as I wind up the debate on the Securities Bill, I think that it is important to bring to the attention of the national community, the importance of the securities legislation. The importance of the securities legislation can be best understood by the importance of the securities market in Trinidad and Tobago. The securities market was valued at an estimated $206.7 billion or 135 per cent of GDP at the end of December, 2008. That is the importance of the securities market to Trinidad and Tobago.

I listened to the Member for Fyzabad ask: What does the securities legislation have to do with the common man and the man in the street, so to speak? How does that touch him? On a simple level, part of the securities market and offerings are what you will call the debt market, the bond issuance. This Government has issued and is, the five largest debt issues in Trinidad and Tobago, at the end of 2008. What were they for, Mr. Speaker? The Water and Sewerage Authority. To do what? To bring water—you talk about water—to the people of Trinidad and Tobago. In Trinidad and Tobago, the Housing Development Corporation, $3.3 billion to bring shelter to the people of Trinidad and Tobago. Caroni (1975) Limited, $2.4 billion for the payment of the purchase of annuities. A few months ago, I had the pleasure to be part of a ceremony in which the Government bought annuities for the former workers of Caroni (1975) Limited.

I will deal specifically with some of the comments that were made in the contributions to set the record straight, in winding up. I believe the Member for Chaguanas West, I might have it wrong, maybe, the Member for St. Augustine

mentioned the Home Mortgage Bank (HMB) and the point that nothing was done by the Government with regard to this bank. I want to tell him that we are a law-abiding government and we follow the law. Under the legislation, the HMB is a private entity and it is not subject to the Securities and Exchange Commission. That is the reason under the law that the HMB could not have been dealt with by the securities legislation.

Mention was made about the fact that we are not passing legislation or we are doing it in a hodgepodge kind of method. One of the pieces of legislation this Government passed at the end of 2008, was the Financial Institutions Act. In fact, the IMF in its report commended the Government at that point in time, for taking that position in passing that legislation. I think that that legislation addressed some of the concerns that the Member for Chaguanas West raised about a document to which he referred and I have not seen as I indicated. It is interlocking directorships. Under the FIA, interlocking directorships are not allowed except within the same group of companies, unless you get the permission of the regulator. For instance, if you belong to one group of companies and you want to be a director on another group of companies, you have to seek permission to do so. It is not allowed anymore and in addition, consolidated financial supervision.

The concern was raised about the fact that there was not proper surveillance of CL Financial and all the other entities that make up the group. One of the reasons was the fact that the legislation did not allow for consolidated financial supervision. Now, the regulator has the power not only to look at the books of the entities for which it has responsibility for regulation, but also has the right to see the consolidated financial accounts of that entity.

Another point was made and I want to clear it. I think that it was the Member for Caroni East who admitted finally, that Trinidad and Tobago is affected by the financial global crisis. I wish I had known that this matter would have been brought up again and again like a recurring decimal. I do not know how many times I have said it and I will say it again for the benefit of the Member for Caroni East. I have said several times that Trinidad and Tobago has not stood immune from it. However, the impact on our economy has been very limited. It is a fact that the IMF, Standard and Poors and most entities have recognized. To a large extent, Trinidad and Tobago has been insulated from the ravages of the global financial crisis.

The evidence is always in the facts. For example, I have before me the budget balances as a percentage of GDP and I am going to benchmark not against the OECS territories; it is not against Jamaica, because if I use that as a benchmark, we know the circumstances for those countries. As a balance and percentage of their

GDP, these are the figures: the United States, minus 3.2 per cent; Canada, minus 2.1 per cent; Japan, minus 6.8 per cent.

Mr. Manning: That is budget deficit?

Hon. K. Nunez-Tesheira: That is correct, Prime Minister. Britain, minus 13.9 per cent; India, minus 7.7 per cent; Russia, minus 8 per cent; Germany, minus 4.6. You cannot look at the fact that you have a deficit. You also have to look at the ability of a country to pay its debt hand in hand with that. This country has continued to enjoy excellent ratings from Moody’s and Standard and Poors which is an indication of the Government's ability to pay its debt when it becomes due. [*Desk thumping*]

Again, the Member for Fyzabad in his usual way of straying off the point and injecting—no matter what the topic is, you can be assured that he is going to in some subliminal or not in an elegant way, bring race and crime into his contribution. As he mentioned it, he made the point, he brought it up and I am glad that he brought it up. He gave me an opportunity to say, as a Member of Parliament representing this Government, what we have done in the constituency of D'Abadie/O’Meara. In that constituency there is a polling division that is controlled by the United National Congress. It is not the only polling division, race course land, Evergreen and Peytonville. That is where LSA is. That is where I went to a ceremony and handed over nearly 700 lots.

You have the legislation; you passed the legislation, but you did not even develop one of those designated areas. It is this Government that developed those designated areas. This includes the fact that you built how many houses? Five hundred and something houses in five or six years. That is your contribution to shelter and caring for the people of Trinidad and Tobago. You told me let us measure. Let us measure it by the man in the street. So if you want to measure it by the man in the street, I would measure it by your standard. You talked about the hierarchical list of Maslow’s laws. Shelter, we provide shelter. I do not even want to go on because this is not the topic of this debate, but I could go on and on about the work that this Government has done in education at every level. To educate is to emancipate. No question about that. This Government has done it to every citizen of this country.

Before I go off the point of LSA, Member for St. Augustine, your UNC councillor—[*Interruption*] It is nonsense because you do not like to hear the truth. I understand; it is all right. Ameena Rostant, do you know the name Miss Rostant? I opened a sub office in Carapo and she came. Not only did she come, but she also congratulated the Member of Parliament for the excellent work that was being done in

UNC stronghold. She stood on the platform with us when he handed over the LSA lots, complimenting not only this Minister, but also Minister Emily Dick-Forde, describing both Ministers, it is her description, not mine, as both being articulate and beautiful. [*Desk thumping*] Member for Couva North, you seem to agree.

Mr. Manning: "They couldn't say that about Tim." [*Laughter*]

Hon. K. Nunez-Tesheira: Mr. Speaker, having gone and dealt with those asides, I want to come to the topic of this debate and that is the importance of this Bill. The importance of this Bill can be seen with the recent experience of the global financial crisis, and importantly, the weaknesses in the regulation. Many factors have been identified as contributing factors to the financial crisis. Among them are, the growth of the housing bubble; easy credit conditions; predatory lending, but for the purposes of this debate, deregulation. That has been a major contributing factor to the financial global crisis that has affected the entire world, including Trinidad and Tobago. I have not questioned that. It has affected us, but not to the extent that it has affected other countries.

Why do I say deregulation? Why did the regulatory framework or the weaknesses in the regulatory framework have such an important role in the global financial crisis? We know that the global financial crisis started in the subprime mortgage sector of the US economy, when persons who perhaps, should not have been given mortgages because they had poor or questionable credit records were given mortgages. Not only were they given mortgages, but they were also given at adjustable rates, which meant that as the equity, the value in their property went up, their mortgage interests also increased.

Because of a combination of that and the fact that the government was encouraging persons to own houses, a number of factors, the fact of the matter was that the insurance, the banks that were the originators of the mortgage loans gave the loans to the mortgagers and then passed on and packaged those loans into what they called mortgage backed security. They securitized those loans and would pass them on to what they called structured investment vehicles. In fact, they passed them on to investment banks that were owned by the commercial banks.

Now, that was something that came out of the deregulation. One of the first things that happened and which facilitated the subprime mortgage crisis was the fact that they passed a law, I believe it was under the Clinton administration, repealing legislation that had been passed during the Great Depression. They deregulated the financial services sector and allowed banks to have subsidiaries investment banks as well as insurance companies. The reasoning behind it was

that when an economy is doing very well, people would invest and when an economy is not doing very well, people would deposit money in the bank. Give them the best of both worlds they would be able to bank within the same entity. The first step in this whole debacle was the deregulation. That deregulation allowed the commercial banks to take their mortgages, pass them on to subsidiary investment banks owned by them, package them into these securities and sell them to the public.

Of course, the problem with the securities was when the mortgages themselves closed and started to foreclose, persons started losing their houses and the mortgages became compromised. The acid-back securities that have become the champion, so to speak, of the new derivative securities that had become very popular not only in the United States, but also all over the world, started to fail because with the underlying asset, the mortgages, there were a number of foreclosures so the asset became, I will not say worthless, but it certainly became severely compromised. That was the first step, so to speak, in the securities sector that was facilitated by what you call deregulation.

It went further than that. Having deregulated and allowed commercial banks to own investment banks that had these structured investment vehicles that created these mortgage backed securities, the problem was this. Having done that, these investment banks were not subject to the same level of oversight and supervision as were the commercial banks. These investment banks were allowed to do a number of things. For example, in 2004, the Securities and Exchange Commission relaxed the net capital rule which allowed these investment banks to increase the level of debt, so they were able to leverage their positions.

I believe that the Member for Caroni East was saying something about interlocking businesses and companies. That is not it. It was not interlocking companies. [*Interruption*] You were trying to explain the over leveraging. I listened to you and I think with all due respect, you got it a little confused. They had the commercial banks and the investment banks. The investment banks were not subject to the same level of regulatory oversight as were the commercial banks, as a result of which, they were allowed to do a number of things.

One of the important things that they were allowed to do was allowed to self-regulate. In 2004, there was a consolidated supervised entities programme. That allowed the investment banks to self-regulate. In other words, the requirements for disclosure and registration that applied to regulated entities did not apply to these investment banks.

8.15 p.m.

When I speak of the effect of deregulation and the legislation that allowed investment banks to operate outside of proper regulatory structures, it is those factors that contributed to what is called the global financial crisis. When we look at what has happened in the United States with the investment banks, we realize that what we saw operating is what is called "regulatory arbitrage". This allowed investors like the Madoffs and the Stanfords of this world to put their investment into environments, entities and institutions that were not properly regulated and supervised and created the regulatory gaps that facilitated what they were about.

Many people say that Madoff is a fraudster, so that regardless of what structures and regulations you put in place, he would still have done what he did. It is a fact that Madoff sold his securities to the sophisticated investor. It is a fact that Madoff himself had a lot of credibility. He was a former chairman of NASDAQ, the stock exchange; a fact that one must not lose sight of. He was operating in an investment banking environment that was poorly regulated. In fact, the Securities Exchange Commission of the United States admitted to that. The chairman of the Securities Exchange Commission, a long time proponent of deregulation, acknowledged on Friday that failures in a voluntary supervision programme for Wall Street's largest investment banks had contributed to the global financial crisis.

The Securities Exchange Commission in America recognized that whilst the Madoffs and the Stanfords of this world will, perhaps, continue to be the fraudsters, the fact is that the regulatory environment in the investment banking sector in the United States facilitated that by allowing what is called regulatory arbitrage.

What does that have to do with Trinidad and Tobago? We have heard much about HCU and Clico. I made the point that persons such as those look for investment opportunities in environments where they are not properly regulated. One could argue and one could postulate that the HCU was mentioned several times. One could argue and one could postulate that part of the difficulties with the HCU situation is the weakness of the legislation.

There is no question that the cooperative societies legislation needs to be amended. To answer the question of what we are doing about the legislation, I would want this honourable House to know that there is a draft of the legislation. We have gone through several consultations with the members of the various credit union sectors. Coming out of those various consultations, we have a policy position and a draft Bill. The reason that matter has not come even to the Cabinet as yet is the need to amend the Co-operative Societies Act in tandem with it. We are in

the process of so doing and I expect that in the next parliamentary term, that legislation will be brought before the Parliament. This deals with the weaknesses in the credit union legislation. There is no question that it needs to be upgraded and tightened.

Perhaps one can argue that same thing with the Clico situation. In that situation, the regulator is the Central Bank. It used to be the Supervisor of Insurance. In 2004, I believe, the regulator became the Governor of the Central Bank. We also know that there are significant weaknesses in the insurance legislation. One may postulate that one of the weaknesses is the fact that the so-called annuities look like deposit products rather than annuities because the legislation itself, perhaps, did not give a clear definition of what is an annuity.

In the regulatory arbitrage that I mentioned in looking at the United States situation, one can postulate that the weaknesses we have experienced both in the credit union environment—not only the HCU; there are other credit unions that have failed; and not only Clico; it has a lot to do with the fact that the legislation requires upgrading. That is why we are here today. We have been dealing with the Financial Institutions Act. Earlier this year, we came to this honourable House and got an amendment to the Central Bank Act under section 44D giving emergency powers to the Governor of the Central Bank, not only over banks as he already had, but over insurance companies. We came here and made that amendment.

Mr. Speaker, this Securities Bill before us is, in essence, continuing the work of this Government in putting in place the proper regulatory framework and the proper supervisory framework for the financial services sector. We know that that sector consists of banks, investment banks as well as insurance companies. They all make up the financial services sector. We have already passed the legislation on the Financial Institutions Act. We are about, with the support of Members opposite, those right-thinking Members on the other side, those visionary Members on the other side, to pass the securities legislation. We anticipate that, certainly before the end of this year, we would have two other pieces of legislation—the credit union legislation and the Insurance Bill.

I do not think there is any need for me to go back over the many strengths of this new legislation. I think that the Member for Barataria/San Juan, the Member for Princes Town South and the Member for Port of Spain South did an excellent job in explaining the strengths of this new legislation. It has been well explained.

Perhaps the Member for Fyzabad he was not listening—I do not want to adopt the vernacular of my very good and learned friend of "stick break in his ears", but I think he may be suffering from that condition. I cannot understand how he sat

here for hours—the Member for Barataria/San Juan said it. I do not know how else he could have told him about disclosure, the power of the commissioner, the on-site investigation, the annual financial report coming up to international financial standards: He told him all that.

To answer the Member for Chaguanas West on insider trading, one of the main changes we have made with regard to the market manipulation of fences is that, instead of leaving it up to interpretation, we have made it clear what constitutes an insider trading offence. It has constituent parts and once you satisfy those parts—being a connected person; trading within a particular period of time and having access to price sensitive information—and once you qualify under those parts and trade during that period, you are considered to have committed the offence of insider trader.

Further, to ensure that persons like that do not escape, the persons who qualify as insiders, for example, directors of companies, senior employees, auditors, persons who have confidential information, are required, within five days, to file with the Securities and Exchange Commission. Under the old law, as a condition you must have made a loss or profit. You do not have to make a loss; you do not have to make a profit; all you have to do is to answer that description, have traded within that period and if you fail to file notice of having traded within that five-day period, there is the presumption that you have committed an offence and the burden of proof is not on the Securities Exchange Commission, but on you to prove that you have not committed the offence. That is a significant change in the legislation.

Mr. Speaker, I did not intend to go through some of the salient points, but I would like to emphasize, especially for the Member for Fyzabad—the hon. Prime Minister makes the point all the time that when we speak in the Parliament, we must speak to the man-in-the-street. Those are the persons to whom we are speaking. Yes, we are speaking to the Opposition and, with all due respect, to the Speaker, but the man-in-the-street is listening and wants to know what the legislation has to do with him.

If you own shares in any company, if you are a member of a credit union—eventually it will affect the credit unions—any shares you may own; you may have an Employee Stock Ownership Programme in the organization in which you work, even if it is ten shares, you are affected because this law protects you. As an investor, there is a requirement for disclosure. You can get information. Not only that, if there is any misrepresentation, you have a right to sue. This is not for nominal damages; you have a right to sue anyone involved in that issuance.

We are protecting the small man; not the accredited investor; not the sophisticated person; they can take care of themselves. You saw the Madoff scandal, those are the persons who have been affected; they have lost. We are protecting the small man by putting provisions such as this into the legislation to ensure disclosure and to level the playing field so that the man-in-the-street has every right to hold shares and to trade on the stock exchange. This Government is ensuring that those little people, the ones living in Fyzabad and D'Abadie/O'Meara are given the protection of this legislation to ensure transparency, accountability and fairness. That is the commitment of this Government. This is a government of compassion. This is a government that cares for the people of Trinidad and Tobago and this legislation is a testimony of the continued commitment and compassion of this Government to the people of this country.

Member for Fyzabad, do you want to say something?

Hon. Members: No-o-o-o!

Hon. K. Nunez-Tesheira: Let him say it.

Mr. Sharma: Thank you very much, hon. Minister. Can you say how this will treat with HCU depositors?

Hon. K. Nunez-Tesheira: I do not want to refer to the phrase I have already used, but I want to respond in this regard as I complete my contribution this evening. This Government is committed to seeing Trinidad and Tobago become—I think that the Member for Port of Spain South spoke eloquently on Vision 2020. This legislation is consistent with the Government's commitment to this country becoming a developed nation and the International Financial Centre of the Caribbean.

I will not deal with that topic because it is the subject of a separate Motion, something I believe that the Member for St. Augustine and the Member for Fyzabad forget when they continuously make mention of the matters that are the subject of Motions that they have made. Somehow they cannot help themselves from digressing as they are wont to do at all times.

8.30 p.m.

I would not deal with the International Financial Center at this point in time because it is the subject of a Motion that you have brought and I would answer it in the appropriate time. This Government continues to show its commitment to the people of Trinidad and Tobago and I know the right-thinking Members on your side, because I know that there are some right-thinking Members and some not so right-thinking, will support. [*Interruption*] Not vote for me. I do not want

anybody to vote for me. It is not about me, it is about the people of Trinidad and Tobago. I know that they will give support to a Bill that protects and looks after the interest of the people of this country.

I beg to move.

Question put, That the Bill be now read a second time.

Mr. Imbert: Division.

The House voted: Ayes: 26

AYES

Imbert, Hon. C.

Manning, Hon. P.

Nunez-Tesheira, Hon. K.

Gopee-Scoon, Hon. P.

Abdul-Hamid, Hon. M.

Dumas, Hon. R.

Ross, Hon. J.

Taylor, Hon. P.

Swaratsingh, Hon. K.

Parsanlal, Hon. N.

Beckles, Miss P.

Mc Donald, Hon. M.

Hunt, Hon. G.

Le Gendre, Hon. E.

Browne, Hon. Dr. A.

Callender, Hon. S.

Cox, Hon. D.

Jeffrey, Hon. F.

Hospedales, Hon. A.

Joseph, Hon. R.

Hypolite, N.

Regrello, J.

Rowley, Dr. K.

Roberts, A.

Sinanan Ojah-Maharaj, Mrs. I.

Warner, J.

The following Members abstained: Dr. H. Rafeeq, B. Panday, Mrs. K. Persad-Bissessar, K. Ramnath, Dr. R. Moonilal, Dr. T. Gopeesingh, V. Bharath, Miss M. Panday, C. Sharma, H. Partap, N. Baksh, W. Peters.

Question agreed to.

Bill accordingly read a second time

Bill committed to a committee of the whole House.

House in committee.

Clauses 1 to 164 ordered to stand part of the Bill.

Preamble approved.

Question put and agreed to, That the Bill be reported to the House.

House resumed.

Bill reported, without amendment.

Question put, That the Bill be now read the third time.

The House voted: Ayes 26

AYES

Imbert, Hon. C.

Manning, Hon. P.

Nunez-Tesheira, Hon. K.

Gopee-Scoon, Hon. P.

Abdul-Hamid, Hon. M.

Dumas, Hon. R.

Ross, Hon. J.

Taylor, Hon. P.

Swaratsingh, Hon. K.

Parsanlal, Hon. N.

Beckles, Miss P.

Mc Donald, Hon. M.

Hunt, Hon. G.

Le Gendre, Hon. E.

Browne, Hon. Dr. A.

Callender, Hon. S.

Cox, Hon. D.

Jeffrey, Hon. F.

Hospedales, Hon. A.

Joseph, Hon. R.

Hypolite, N.

Regrello, J.

Rowley, Dr. K.

Roberts, A.

Sinanan Ojah-Maharaj, Mrs. I.

Warner, J.

The following Members abstained: Dr. H. Rafeeq, B. Panday, Mrs. K. Persad-Bissessar, K. Ramnath, Dr. R. Moonilal, Dr. T.Gopeesingh, V. Bharath, Miss M. Panday, C. Sharma, H. Partap, N. Baksh, W. Peters.

Question agreed to.

Bill accordingly read the third time and passed.

ADJOURNMENT

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, I beg to move that this House do now adjourn to Friday, July 17, 2009 at 1.30 p.m. On that day, we will be dealing with the Act to regulate Emergency Ambulance Services and if we have time, we will be dealing with an Act to amend the Trinidad and Tobago Electricity Commission Act.

Mr. Speaker: Before I put the Motion on the Adjournment, there is a matter to be raised by the Member for Caroni Central.

8.45 p.m.

Cane Farmers
(European Union Grant Funds)

Dr. Hamza Rafeeq (*Caroni Central*): Thank you very much, Mr. Speaker. About one year ago, I think it was May last year, I raised a similar matter dealing with the plight of the cane farmers, and at that time, on that occasion, the Minister of Agriculture, Land and Marine Resources responded to the Motion, and he gave an account of the moneys that the Government had paid to the sugar workers and so on, but he said nothing with regard to the issue at hand, and that is the European Union grant funds for cane farmers. I hope that today the person who is responding—I think it will be the Minister of Finance—will cast some light and tell us exactly what the position is with respect to the funding from the European Union for the cane farmers.

Mr. Speaker, in 2003, as you know, the Government decided to close Caroni (1975) Limited, and there were many issues to be dealt with; issues relating to the sugar workers, cane farmers and so on. Tonight, we would not be dealing with the sugar workers, but we would be dealing with one of the most important stakeholders in the sugar industry, and that is the cane farmers. Cane farmers have always been an integral part in the sugar industry and the industry could not survive without the input of the cane farmers, because they supplied a little more than 50 per cent of the cane to the factories, to be converted into sugar.

In 2003, there were about 6,500 cane farmers. When you add their families to those 6,500, we are dealing with about 30,000 or 40,000 people who have been affected. Most of them had done nothing in their entire lives except to plant cane; that is all that they did; that is all that they knew. By 2005, about 3,000 of them had demitted the industry, had left the industry. So by 2005, you were left with 3,500 cane farmers, and no lesser person than the hon. Prime Minister promised them that he will let them demit the industry with a golden handshake.

In 2007, the Minister of Public Administration came to Parliament, on the day that the Parliament was dissolved, and he announced that Government was making available to the cane farmers $80 million as a final payment for the cane farmers, as they were demitting the industry. That $80 million amounted to about $23,000 per cane farmer; $23,000 for a life's work and nothing else to come for the rest of their lives, as far as the sugar industry is concerned.

[DR. RAFEEQ]

Our understanding is that the European Union, in order to make the transition for the cane farmers a little easier, made available grant funds to be disbursed to the cane farmers; that is our information. Our understanding is that the grant fund is quite substantial, close to $1 billion of maybe a little more than that. There are several questions that come to mind and up to today, we have not been able to get answers to these questions, and I am hoping that the Minister would be able to shed light, as I said, on these issues.

The first issue is, is it true that funds were available at the European Union for the benefit of the farmers? Our understanding is that the funds were available and the Government was supposed to have done certain things in order to access the funds. The Government did not do what they were supposed to do and so far, no funds have been accessed. If the funds are available for the benefit of the cane farmers, our next question is, how much actually is available, and if the funds are available, what has to be done or what had to be done in order to draw down on these funds?

We want the Government to tell the Opposition, the nation and in particular, the cane farmers, as to what were the pre-conditions set by the European Union in order to draw down on these funds. Our understanding is that a national adaptation strategy was supposed to be developed; that was one of the main pre-conditions for the drawdown of the funds. If that, in fact, is so, why was this national adaptation strategy not developed and why was it not communicated to the European Union? Why is it that that condition had not been satisfied?

We want the Government to say categorically, why is it that that national adaptation strategy was not developed and why it has not been communicated to the European Union. If the strategy was not developed, then that of course, would have jeopardized the position of the cane farmers in accessing these funds. The cane farmers have made several attempts to engage the Government and to get answers from the Government as to why the Government did not satisfy the condition for drawdown of these funds, and so far, as I said, they have not been able to get a satisfactory answer.

We do not know if the funds are still available. We would like to know whether the funds are still available. The representative of the European Union in Trinidad said about a year ago, that they were sorry that they did not get an opportunity to represent the case of the cane farmers in Trinidad to the European Union because the Government did not fulfil the pre-condition for drawdown of the funds. We do not understand why the Government is punishing the cane farmers, because grant funds, as our understanding is, are funds that the Government does not have to pay back; they are not loan funds that you have to pay back with interest and so on.

The European Union was not only making funds available to Trinidad and Tobago, but to other ACP countries, Guyana and other countries. They did what they were supposed to do and they drew down on some of the funds. Our understanding is that some of the funds that were supposed to come to Trinidad went to Guyana, because, as I said, the Government did not satisfy the pre-conditions for drawdown.

Some of the cane farmers had loans to pay back. They bought tractors, trailers, ploughs and so on, very expensive equipment, and there was very little else they could do with the equipment after the sugar industry closed down. So, now they have tractors, belt trailers, many of these pieces of equipment, nothing to do with them and they are saddled with many heavy debts.

Mr. Speaker, we do not understand why—whether it is vindictiveness—the Government is punishing the cane farmers when the funds that are available at the European Union, are grant funds; funds that the Government had to do certain things to access for the benefit of the cane farmers. We do not understand why the Government has punished the cane farmers and not accessed these funds.

We hope that the funds are still available at the European Union. We hope that the Government can still do something to access those funds. We hope that the Government can still bring some measure of relief to the thousands of cane farmers who spent their entire lives in the sugar industry and we hope that at the end of the day, they will benefit from the funds that are available. We hope that they are still available at the European Union.

Thank you very much, Mr. Speaker.

The Minister of Finance (Hon. Karen Nunez-Tesheira): This matter I believe, has been the subject of a Motion that was brought by the other side with regard to the European Union Grant Fund, and I believe in the response that I gave on the last occasion, I did answer it because I still have the notes from that response. You may have brought it several times, because I certainly responded to that.

In fact, in doing the research on the matter, what I wish to emphasize, as I did on the last occasion, is that the European Union Grant Fund is not for the sugar workers. [*Interruption*] It is not for sugar cane workers. It is not for them. You keep saying that and it is not correct. [*Interruption*] Sugar workers, cane farmers, it is not for any group, that is what I am trying to say.

The point I am making is this, it is to give a country, which was involved and which depended, as part of their GDP, on the sugar industry, to give them sector support. That is the reason behind the European Union grant funding.

In other words, there are countries—what you call the African, Caribbean and Pacific (ACP) countries—that were involved, former colonies of these various former colonial—

Mr. B. Panday: Powers.

Hon. K. Nunez-Tesheira:—powers. Thank you, Member for Couva North. They had given to these countries certain preferential treatment after the colonial ties were severed and these countries got their independence, and as a sort of compensation, so to speak, they were given certain assurances on, what we call, preferential treatments. Those preferential treatments were contained in the sugar protocols from countries that were members of the Lomé convention and the succession Cotonou agreement. This sort of preferential treatment was given because these countries depended, to a large extent, or the presumption was, on the sugar industry and therefore, withdrawal of that preferential treatment would affect adversely the economies of those countries.

It is very important to understand that it is not for a particular sector. If I can use an example and I used it on the last occasion, for example, the oil sector. Let us look at the example of the oil sector. If you are working in the oil industry. [*Interruption*] No, a good example, the sector and you are working in the oil industry, were the oil industry to be shut down and the Government was to get support for whatever reason from a particular grant funding, it would not be for the oil workers or the government, it would be for the people of Trinidad and Tobago.

If there is any doubt that that is the basis, I am going to refer to the agreement as I did on the last occasion. The agreement clearly stated:

> "The European Community is committed, *within* the framework of the ACP-EC Partnership Agreement, to supporting ACP countries on their path to poverty reduction and to sustainable development, and recognises the importance of the commodity sectors and their related protocols.
>
> *It is essential that* Sugar Protocol countries *receive* support *as quickly as possible* to maximize the chances of successful adaptation to the new conditions, in full complementarity with existing assistance."

And this is the rationale:

> "*It is therefore necessary to grant Sugar Protocol countries* financial and technical assistance, including budget support where appropriate, additional to that provided for in the framework for the ACP-EC Partnership Agreement..."

The point I am making is—[*Interruption*] I know I have said it several times—it is support to countries where, the presumption is that a substantial contributor to the GDP was the sugar industry sector. As a result of the withdrawal of the preferential treatment, these European Union countries have come in to give that sort of grant funding to give support to the country.

When you look at Trinidad and Tobago, what is the reality? As they well know, and I said it on the last occasion, insofar as contributing to the GDP, for the three decades in operation, Caroni (1975) Limited has never generated a profit and in fact, remained a loss-making enterprise. For example, this Government, between 1975 and 2002, contributed total financial support of over $4.7 billion to former Caroni workers. [*Crosstalk*]

In 1990, this Government, when it was in power, bailed out Caroni (1975) Limited in the tune of $2.2 billion. The next time was 2001, again they turned to this Government and we did the right thing because we are a compassionate Government. The Member for Fyzabad, I wish he was here, because I want to tell him, this is a compassionate Government. Again we bailed out the Caroni (1975) Limited in the tune of $2.3 billion. [*Crosstalk*]

Mr. Speaker: Order!

9.00 p.m.

The harsh reality is the sugar industry was always a loss-making entity; it did not contribute to GDP. But the point I am making is this, when European Union grant decided to give money and give support to former colony countries they did it without regard to whether it contributed to GDP. There was a presumption that there was going to be the contribution to the GDP and it is on that basis that the support was given. That is the reason, Mr. Speaker.

I have a letter here dated May 08, and it is from the European Union—

Mrs. Persad-Bissessar: What year?

Hon. K. Nunez-Tesheira: May 08, 2008—and the reason I want to refer to that letter, it really says the recognition the European Union—if not the other side—of this Government support that it has given to that sector. They say:

> "We acknowledge that the Government of Trinidad and Tobago has started this restructuring process before the European Union decision to support countries that have signed the sugar protocol."

That is this Government—before—we did not have to wait for the European Union to tell us to do the right thing. We do the right thing?

Mr. B. Panday: Did we apply for that?

Hon. K. Nunez-Tesheira: The support aims at helping those countries with needs to adapt to the new situation to bring trade agreements between the European Union and sugar protocol countries. [*Crosstalk*]

Mr. Speaker: Order!

Hon. K. Nunez-Tesheira: Mr. Speaker, they said:

"We would like to remind you"—[*Crosstalk*] The programme that this Government has put in place—and I must make the point again to show the support for the Government, and I quote:

> "We would like to remind you that the multi-annual programme will be implemented by sector budget support. In fact, it is a policy-based instrument, meaning that on the basis of progress made in implementation the EC assistance would be channeled directly to the Ministry of Finance."

The programme is in line with the Cabinet agreement in December 2002 to restructure the sugar industry. Actions already taken by the Government to transform the sugar industry and support the sugar workers and farmers will also be taken into consideration. [*Crosstalk*]

What are the things that this Government has done?

1. Termination benefits and enhancement amount to $741.5 million already paid to 9,007 daily- and monthly-paid workers. [*Crosstalk*]
2. The creation of a pool of appropriately trained human resources of approximately 3,400 former employees, trained at the cost of $16.5 million in areas of their choice; academic, technical, vocational skills and also noted financial and other counselling services facilitated the process.
3. Provision of alternate employment generating alternatives in the agriculture sector, and are given the opportunity to develop 17 agricultural estates at a cost of $598.1 million to the Government to accommodate $7,248 former employees on 30 sub estates.
4. Provision of alternate employment generating alternatives in the industrial sector, through a mandate by the Government to eTeck to establish 10 industrial estates.
5. Provision of housing infrastructure to develop 30 residential estates with water, roads, drainage, sewage disposal and electricity at a cost of

$592.5 million to accommodate over 5,000 eligible former employees with the offer of leases at highly subsidized prices between $20,000 to $30,000 per lot.

6. The provision of secure pensions at an advanced stage at a cost of over $360 million.

In fact, I had the pleasure—as I indicated earlier—of attending a ceremony a few months ago in which all the unions were present. The only one that was not present was—I think—the one headed up by TAMBI. I believe everybody was there. I had the pleasure of shaking the hands of all of them. They were pleased; we took photo opportunities—[*Crosstalk*] Of course, they said thank you. [*Crosstalk and desk thumping*]

They appreciate this Government. They understand what this Government has done. We do not listen to them. They have their agenda and we understand it. But the people that matter; the thousands and thousands of former Caroni workers, they appreciate this Government and they know that this Government is a caring and compassionate Government. [*Crosstalk and desk thumping*]. You see, they keeping trying and constantly trying to mislead this House.

Finally, in that contribution, with regard to what this Government has done, I wish to inform this honourable House that on March 23, 2009 the ministerial committee—there was a ministerial appointed committee to deal with this whole issue of this European Union Grant—a financing agreement was finalized at the European Commission's Headquarters in Brussels and it was submitted to Ms. Esme Rawlins-Charles, National Authorizing Officer, Ministry of Planning, Housing and the Environment for vetting by the Office of the Attorney General. Consequent on the approval of the financing agreement 2008 by the Office of the Attorney General, the signing should take place on or before August 31, 2009, and a fixed tranche of euro 3.774 million would then be disbursed upon request in fulfilment of the general conditions of the financing agreement.

Mr. Speaker, I think I have given the update. The Government is continuing to do its part and I want to end my contribution to reiterate for the benefit of the Member for Caroni Central, so that we do not have to revisit this again and again. The Government got European Grant support for the country, for Trinidad and Tobago. For Trinidad and Tobago! It is not for a particular group. It is for the entire country, because supposedly it contributed to GDP and this Government did not have to wait for the European Union to tell it what to do. [*Desk thumping*] They did it and did it in least amount of time. [*Desk thumping*]

Mr. Speaker, as I conclude, it is always consistent with the compassion, caring and generosity of this Government.

Thank you.

Mr. Speaker: Before I put the Motion on the Adjournment, there are just some procedural matters to attend to and I would ask the hon. Member for Diego Martin North/East to proceed.

Standing Orders Committee

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, I beg to move that the existing Standing Orders of the House be referred to the Standing Orders Committee of this House for consideration and report.

I beg to move.

Question put and agreed to.

Local Government Bill
Joint Select Committee
(Appointment of Members)

The Minister of Works and Transport (Hon. Colm Imbert): I beg to move the following Motion:

Be it resolved that this House appoint the following Members to serve on the Joint Select Committee established to consider and report on the Local Government Bill, 2009:

Mr. B. Panday: Ramesh and Jack.

Hon. C. Imbert: Why not. [*Laughter*] Mr. Speaker, shall I change the names?

Mr. Speaker: The leader has spoken. [*Crosstalk*]

Hon. C. Imbert: I had different names here. [*Laughter*]

Mr. Joseph Ross, Miss Pennelope Beckles, Mr. Anthony Roberts, Mr. Rennie Dumas, Mr. Chandresh Sharma and Mr. Subhas Panday.

Agreed to.

Question put and agreed to.

House adjourned accordingly.

Adjourned at 9.09 p.m.