



Eastern Caribbean Securities Regulatory Commission

ECCB FINANCIAL COMPLEX ♦ P O BOX 1855 ♦ BASSETERRE ♦ ST KITTS ♦ WEST INDIES

Contact: Mignon Wade, Secretary
Tel: (869) 465-2537
Fax: (869) 466-8954
E-mail: info@ecsrc.com

STATEMENT

DATE: 22 August 2005

SUBJECT: Sale of Dominica Electricity Services Limited (DOMLEC) Shares

SUMMARY: This statement relates to the sale by the Dominica Social Security (DSS) of shares in the Dominica Electricity Services Limited (DOMLEC) and whether the transaction was conducted in contravention of the Securities Act 2001 and Regulations. It represents the views of the Commission but is not a policy, rule or regulation.

The Eastern Caribbean Securities Regulatory Commission (ECSRC) received notice of the sale by the Dominica Social Security (DSS) in August 2004, of shares in the Dominica Electricity Services Limited (DOMLEC). DSS conducted the sale privately, offering the shares to selected individuals and institutional investors instead of making them available to the general investing public. The issue attracted significant public discussion and debate on the basis that DOMLEC is a public company listed on the Eastern Caribbean Securities Exchange (ECSE) and DSS is a statutory body.

The Commission is of the view that in order to foster development of the Eastern Caribbean Securities Market (ECSM) and to promote investor confidence, the sale of shares of listed companies should be executed via the ECSE.

DSS is a statutory body that is charged with the responsibility of being the custodian of the savings and pension entitlements of contributors. Consequently, the actions of the Board of Directors of DSS should at all times be transparent and in the best interest of all stakeholders.

Pursuant to section 136 of the Securities Act 2001, the ECSRC appointed an Investigator to examine whether DSS conducted the sale of the shares in contravention of the Securities Act 2001. The Investigator has completed his investigation and submitted a report to the Commission.

On the basis of the report submitted, the Commission concluded that the sale of DOMLEC shares by DSS appears not to have contravened the provisions of the Securities Act 2001 and Regulations. Notwithstanding, it is the view of the Commission that the manner in which the sale of shares was conducted was inconsistent with good corporate governance practices and created a conflict of interest.

The Commission recognises the need for improvement in corporate governance standards and the establishment of a framework for good corporate practices and conduct. The Commission advises that all individuals and corporate bodies must ensure that their actions are conducted within the ambit of the securities legislation, good corporate governance practices and ethical standards to protect the integrity of the market and the securities industry as a whole.