

**Schedule 1**  
**FORM ECSRC – K**  
**ANNUAL REPORT**  
**PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001**

For the financial year ended 31 March 2021

Issuer Registration number  
KN SE-0001-04

EASTERN CARIBBEAN SECURITIES EXCHANGE LIMITED

(Exact name of reporting issuer as specified in its charter)

ST CHRISTOPHER AND NEVIS

(Territory of incorporation)

BIRD ROCK, BASSETERRE, ST KITTS

(Address of principal office)

**REPORTING ISSUER'S:**

Telephone number (including area code): (869) 466-7192

Fax number: (869) 465-3798

Email address:

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, 2001 during the preceding 12 months

Yes

No

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
CLASS A	327,419
CLASS B	287,500
CLASS C	370,081
CLASS D	15,000

**SIGNATURES**

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

TREVOR E BLAKE



Signature

17-DECEMBER-2021

Date

Name of Director:

D MICHAEL MORTON



Signature

17-DECEMBER-2021

Date

Name of Chief Financial Officer:

CHERYL MOSES



Signature

17 December 2021

Date

## INFORMATION TO BE INCLUDED IN FORM ECSRC-K

### 1. **Business.**

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

The ECSE Group was not immune from the prevailing economic climate, resulting from the Covid-19 pandemic that has severely disrupted global economies. The economies of the ECCU member states, collectively, is estimated to have contracted by 17%, the most severe contraction in the recorded history of the region. In this climate, the Group recorded a mixed performance during the year, demonstrating its resilience in these turbulent times.

Listings on the ECSE grew by 9 or 5.8% to a total of 164 securities, led, as in previous years, by the increase in sovereign debt securities. Secondary market activity picked up appreciably, boosted by trades in sovereign debt securities, though trades in equities declined. The Regional Government Securities Market (RGSM) experienced a marked fall in activity, as all the Government participating in the market reduced their offerings. This market, however, continued to play an important role in Central Government financing, enabling the six issuing Governments to raise \$972.4 million in aggregate, at competitive rates. We anticipate that this market will remain central to Governments' financing strategies in their pursuit of fiscal and debt sustainability. The ECSE Group maintains its commitment to support the Governments' activities in the market.

While some progress was made on the Group's strategic priorities, this was below expectation. This could be attributed to the direct and indirect impact of the pandemic, and to other operational factors. Notwithstanding, the progress made to date will augur well for the future.

The Group's financial performance in the year was commendable, realizing a profit of \$1.6 million. While this was some 54% below the extraordinary results of the previous year, it was well above the forecast. We are indeed thankful for the activities that have enabled this positive out turn.

In looking ahead as we project some recovery in the ECCU economy as the impact of the pandemic abates. This, we anticipate, together with the progress that has been made on some of the Group's strategic priorities, will bring some increased activity for the Group. We therefore look forward with cautious optimism for an improved performance in the ensuing year.

**2. Properties.**

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed of since the beginning of the financial year for which this report is filed.

NONE

**3. Legal Proceedings.**

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

NONE

**4. Submission of Matters to a Vote of Security Holders.**

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

The 19th Annual General Meeting of the ECSE held on 4th October 2020,

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

The directors elected at the AGM were:  
Mr. Timothy Antoine  
Mr D Michael Morton  
Mrs Jennifer Nero  
Mr Geroge S Goodluck  
Mr Peter Blanchard  
Ms Marilyn Johnson  
Ms Jasmine Taylor  
The Managing Director, Mr Trevor E Blake, being ex officio, continued in office as a director after the meeting.

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

The following matters were decided on a show of hands at the AGM:  
- Acceptance of the Report of Director, the Report of the Auditors and the Audited Financial Statements for the year ended 31 March 2020  
- Approval of a dividend of \$1.00 per share  
- Reappointment of KPMG, Chartered Accountants as auditors

- (d) A description of the terms of any settlement between the registrant and any other participant.

NONE

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

NONE

**5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.**

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

In June 2019, to settle a balance of \$1,437,423 due to the ECCB, the ECSE issued  
i) 27,419 additional ordinary shares at a value of \$274,190 ; and  
ii) 116,323 redeemable \$10 3% preference shares with a stated value of \$1,163,230 to the ECCB.

These preference shares were redeemed in full in April 2020.

**6. Financial Statements and Selected Financial Data.**

Attach Audited Financial Statements, which comprise the following:

**For the most recent financial year**

- (i) Auditor's report; and  
(ii) Statement of Financial Position;

**For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed**

- (iii) Statement of Profit or Loss and other Comprehensive Income;  
(iv) Statement of Cash Flows;  
(v) Statement of Changes in Equity; and  
(vi) Notes to the Financial Statements.

## 7. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

The overall sustainability of the ECSE Group is predicated on its ability to generate sufficient fee income from the ECSE's core activities of facilitating primary issues auctioned on its two platforms, the RGSM and the ECSM, and the secondary trading of securities; and very positive returns from related core activities of its subsidiaries, the ECCSR and the ECCSD.

The ECSE relies on sovereign issues for the generation of a substantial portion of its income. Sovereign debt securities account for 85.4% of total ECSE listings and for 79.7% of securities held in the ECCSD's registry. It is therefore important that the RGSM continues to be buoyant. It is to be noted that in recent years, several ECCU member Governments have faced debt sustainability challenges, leading to two having restructured their debt, one as recently as 2015. This particular government, however, has made strong progress in ameliorating its fiscal management practices and condition. Governments are now faced with the COVID-19 pandemic that has led to significant fiscal challenges as they attempt to contain the effects of the pandemic and to introduce economic stimulus measures.

The ongoing COVID-19 pandemic, which has led to the most severe contraction in the ECCU economies, has had a marked impact on the ECSE Group's business in the year ended 31 March 2021. However, with signs of recovery beginning to show, as vaccinations programs are being rolled out and Tourism, in particular the cruise sector, experiencing some rebound, we think that the worse is past.

**8. Changes in Securities and Use of Proceeds.**

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

NONE

- (b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

Not applicable.

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

Not applicable.

- Name and address of underwriter(s)

Not applicable.

- Amount of expenses incurred in connection with the offer

- Net proceeds of the issue and a schedule of its use

Not applicable.

- Payments to associated persons and the purpose for such payments

Not applicable.



- (c) Report any working capital restrictions and other limitations upon the payment of dividends.

There are no working capital restrictions or other limitations on the payment of dividends. \$1,000,000 in dividend was paid out on 8th October 2020 to the shareholders, which was easily met from the company's cash resources.

**9. Defaults upon Senior Securities.**

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

Not applicable.

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

Not applicable.

**10. Management's Discussion and Analysis of Financial Condition and Results of Operation.**

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

**It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.**

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

*General Discussion and Analysis of Financial Condition*

The ECSE Group continues to fund its operations from revenues from the services it offers and interest earned on investments.

Total Assets at 31 March 2021 stood at \$115.1 million, an increase of \$45.6 million or 60% from the position at the previous year-end. This expansion in assets resulted, in the main, from an increase of \$35.1 million or 60% in Cash and Cash Equivalents, which comprised, primarily, securities holders' funds. Investments also increased by \$19.3 million or 124%.

The Group's Liabilities totaled \$100.7 million, reflecting an increase of \$45.0 million or 81% over the previous year. This growth could be attributed mainly to the expansion in third party funds, which stood at \$98.8 million at year end.

During the year, the ECSE redeemed the entire issue of 116,323 units of \$10 3% Preference shares that were issued to the ECCB in June 2019. While the preference share issue was redeemable over 10 years, the early call reduced the Group's outstanding liabilities, simplified its capital structure, and saved approximately \$150,000 in interest expense.

## Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

### *Discussion of Liquidity and Capital Resources*

Total Assets at 31 March 2021 stood at \$115.1 million, an increase of \$45.6 million or 60% from the position at the previous year-end. This expansion in assets resulted, in the main, from an increase of \$35.1 million or 60% in Cash and Cash Equivalents, which comprised, primarily, securities holders' funds. Investments also increased by \$19.3 million or 124%.

The Group's Liabilities totaled \$100.7 million, reflecting an increase of \$45.0 million or 81% over the previous year. This growth could be attributed mainly to the expansion in third party funds, which stood at \$98.8 million at year end.

During the year (April 2020), the ECSE redeemed the entire issue of 116,323 units of \$10 3% Preference shares that were issued to the ECCB in June 2019. While the preference share issue was redeemable over 10 years, the early call reduced the Group's outstanding liabilities, simplified its capital structure, and saved approximately \$150,000 in interest expense.

At 31 March 2021, the ECSE's capital base stood at \$14.4 million, comprising shareholders' subscribed capital of \$10.0 million and an accumulated surplus of \$4.4 million. Shareholders' equity increased by \$0.6 million or 4.4% over the prior year, due to profits retained in keeping with the Group's dividend policy. The Group's performance in the year continued, as in past years, to boost shareholder value, notwithstanding the decline in profitability following the exceptional result in the previous year. Although net profit margin narrowed to 35% from the 52% recorded in the previous year, and return on equity fell to 11% from 25%, the profit of \$1.6 million generated over this financial year was commendable, in the context of the COVID-19 pandemic and the resultant adverse impact on the regional economy. The performance in this challenging environment, clearly demonstrated the resilience of the ECSE Group.

### Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

Not applicable.

## Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls,

## *Overview of Results of Operations*

For the financial year ended 31 March 2021, the ECSE Group realized a profit of \$1.6 million, resulting from revenues of \$4.6 million and operating expenses of \$3.0 million. This outcome represents a \$1.8 million or 52.6% decrease over the results of the previous year, when income was boosted by an exceptional \$1.4 million inflow.

The Group's total expenditure amounted to \$3.0 million, 6.0% was below the prior year's expenditure. Four expense categories accounted for approximately 93% of total expenditure in the financial year. Of these, the top three categories, Compensation Costs, which accounted for \$1.7 million or 56% of the aggregate; Administrative Expenses - \$0.5 million or 14%; and Depreciation and Amortization - \$0.5 million or 14%, have typically led Group expenditure. The fourth, Software Maintenance, totaled \$0.3 million or 9% of aggregate expenses. In comparison to expenditure in the previous year 2019-2020, Compensation Cost increased by \$0.1 million or 3.1% due to the recruitment of additional staff. Administrative Expenses fell by \$0.1 million or 14%, mainly due to a decrease in Seminar Costs, AGM Expenses and Registry, Stationery and Postage. Depreciation and amortization expense also declined by 14%, as lower fixed assets values resulted in reduced depreciation charges.

The profit of \$1.6 million generated over this financial year was commendable, in the context of the COVID-19 pandemic and the resultant adverse impact on the regional economy. The performance in this challenging environment, clearly demonstrated the resilience of the ECSE Group.

**11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.**

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

NONE

**12. Directors and Executive Officers of the Reporting Issuer. (Complete Biographical Data Form attached in Appendix I and Appendix I(a) for each director and executive officer)**

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

**13. Other Information.**

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information.

NONE



#### **14. List of Exhibits**

List all exhibits, financial statements, and all other documents filed with this report.

Appendix 1: Biographies of the ECSE Board of Directors and Executive Officers,

Appendix 2: Audited Financial Statements for the years ended 31 March 2021

