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**EASTERN CARIBBEAN SECURITIES REGULATORY COMMISSION**



**ECSRC Strategic Plan: April 2014 – March 2017**

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## **ECSRC STRATEGIC PLAN: APRIL 2014 – MARCH 2017**

### **REGULATORY APPROACH**

At its forty-ninth meeting held on 08 October 2012, the Commission adopted a regulatory approach that would emphasize enforcement over prudential compliance activities to achieve market integrity. This approach is intended to encourage innovation by avoiding a system of complex prudential requirements while instituting strong regulation to address market misconduct and fraud. The approach is expected to encourage development through innovation and investor confidence.

In 2009 the Commission adopted a risk-based system for the supervision of licensees. This system affords the Commission the flexibility to meet the requirements of a continually changing market environment.

### **IMPLICATIONS OF THE REGULATORY APPROACH**

The Commission's regulatory approach will require:

- Full implementation of the legislative enhancements informed by the 2009 review of the securities legislation and the preparation of the legislative requirements for the policies approved by the Commission subsequent to the passage of the legislation;
- In the absence of broad based prudential requirements the establishment and communication of principles to guide the operations of market participants;
- Development and effective implementation of:
  - the systems and procedures necessary to implement the provisions of the legislation, especially those related to the functioning of the self-regulatory organisations (ECSE and ECCSD);
  - a robust public education program that would prepare investors to make informed investment decisions;

- corporate governance guidelines for market participants (as part of the principles based system);
  - a compliance program to encourage and ensure compliance, at all times, with statutory requirements, the Commissioner's rules and directives as well as the internal policies of service providers;
  - an enforcement programme to assess appropriate penalties to address market abuse and other misconduct;
  - public disclosure standards and reporting systems (required for market transparency);
  - technological systems required for efficient operation of the Commission; and
  - the operating structure necessary to deliver the quality of regulation suggested by regulatory approach;
- Enhancement of the regulatory skills of Commissioners and staff of the Commission. In the proposed regulatory environment, effective regulation requires a deep understanding of risk and its relevance to the maintenance of financial stability. Training and development is considered critical for regulators to be responsive to a potentially complex and dynamic market environment in order to deliver a robust regulatory response.

**The Commission's Three Year Strategic Plan is guided by the following Goals:**

<b>Goals</b>	<b>Initiatives</b>	<b>Indicators</b>
Operate an efficient and accountable organisation	Improved records management	Existence of physical files containing evidence of all action and interaction relevant to their subject; development of an electronic records management system.
	Determine the appropriate administrative framework	Documented procedures for governing interactions between the Commission and the relevant stakeholders for the purpose of implementing the requirements of the securities legislation.
	Determine the appropriate operating structure	Completion of appropriate policies, protocols and procedures and procedures manual for effective and efficient realisation of the work programme.
Deliver effective investor protection	Investor education programme to include the regulated community and with the objective of empowering the market to enhance the regulatory efforts of the Commission	Increased investor awareness evidenced by increased communication, use of website and services, survey, level of staff/Commissioners' interaction with the market.
	Enhanced transparency regarding regulatory activity	Consistent and timely publication of information relevant to regulatory policy, process, decision and action.
	Enhanced disclosure requirements for reporting issuers	Improved interaction with reporting issuers to provide guidance regarding compliance standards;
	Finalise Market Complaint Procedures	Surveys to assess investor awareness of their rights and obligations; Assessment of the use of the service.
Deliver effective Public Education Program	Improve financial literacy relevant to investing in securities	Increased market activity through participation.

<b>Goals</b>	<b>Initiatives</b>	<b>Indicators</b>
Deliver relevant regulation	Enhanced regulatory processes	Structures identified, processes and procedures documented and tested.
		Enacted legislation.
Deliver strong supervision	Enhanced supervisory processes	Licensed community is risk profiled and offsite and onsite supervision programmes are developed and in operation. Market surveillance systems are in place and operational.
	Enhanced compliance and enforcement processes	Improvement in compliance (incidence and trends);
		Testing (proving) of enforcement provisions.
		Enacted legislation.
Support and promote the development of a regional securities market in the Eastern Caribbean Currency Union	Participate in the integration process	Inclusion of the industry (in dialogue and activity) as a relevant sector in policies and activity intended for economic development.
Support and promote financial sector stability	Actively participate in the financial stability forum to develop policies to achieve and maintain financial stability	Representation of the industry in the relevant discussions and activities.
Cooperate with similar organisations for the effective regulation of capital markets	Establish the procedures for cooperation for enforcement and information sharing with relevant authorities	Policy for cooperation;
		Stakeholder ‘buy-in’ and support for the success of the enterprise.
		Tested and functional processes to facilitate cooperation with domestic and external regulators
Become a member of the International Organisation of Securities Regulators	Establish the commitment from relevant authorities	Council Decision
		Letter to the IOSCO Secretariat

**CURRENT PORTION OF THE STRATEGIC PLAN AND RELEVANT WORK PROGRAMME  
ACTIVITIES FOR THE OPERATING PERIOD ENDING 31 MARCH 2015**

<b>Goals</b>	<b>Actions</b>
Operate an efficient and accountable organisation	Cleaning up the existing physical records and developing/implementing electronic records management system
Support and promote financial sector stability	Communicate with the Eastern Caribbean Central Bank to clarify the role of the Commission in the process, identifying the contribution required
Cooperate with similar organisations for the effective regulation of capital markets	Determine the jurisdiction's sentiment regarding this initiative
Become a member of the International Organisation of Securities Regulators	Receive confirmation from Participating Governments as to the Commission's intent to become a member of this international organization.
	Indicate the Commission's readiness to submit an application for membership.
	Submit an application for membership, completing the IOSCO self-assessment to identify compliance with its principles as well as facilitating legislative and administrative changes that may be required.
Deliver effective investor protection	Develop and implement an appropriate investor education program in conjunction with the Eastern Caribbean Securities Exchange Ltd; Policy and implementation strategy required.
	Finalise the market complaint procedures
Deliver effective Public Education Program	Investigate the availability of resources to <b>prepare a strategy</b> for development and implementation
Support and promote the development of a regional securities market in the Eastern Caribbean Currency Union	Identify the relevance of the industry to the discussion; identify stakeholders and establish relationships so as to facilitate participation in the integration process.