



Speech by

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*On the occasion of the official launch of the  
DCSX – Dutch Caribbean Securities Exchange*

Curaçao

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Your Excellencies, Management and Board members of DCSX, and distinguished participants, good evening.

It is with great pleasure that I accepted the invitation to address you on this memorable occasion of the official launch of the Dutch Caribbean Securities Exchange (“DCSX”). I am particularly pleased to be part of this historic event. Without doubt, this official launch is an important and unique milestone in the history of our nation. Not only is DCSX the first securities exchange to become operational on this island, but its inauguration also marks the beginning of the further development of our capital market, which is especially significant. Establishment of the DCSX is a crucial step towards further broadening and diversifying our financial sector, which until now has provided limited investment possibilities for the general public.

It is in this context that, on behalf of our Central Bank, I congratulate the DCSX for this important landmark. We commend all of you who either directly or indirectly played a role in the birth of this remarkable initiative. I am confident that as the pioneers of this initiative, you will continue to see the fruits of your labors and commitments and witness the exchange’s contribution to the further growth and development of both our economy, in general, and the securities market, in particular.

Securities exchanges are the cornerstone of financial markets because they provide good platforms for channeling savings to investments. They facilitate the steering of funds from those who do not have a productive use for them to those who do, thereby resulting in economic efficiency. They play a key role in fostering economic development by offering

enterprises an efficient means to raise sizable funds, while at the same time providing investors with a range of investment opportunities to enhance returns on their funds. Securities exchanges also play a critical role in the development of efficient financial systems since they create greater competition among financing sources, which helps promote greater efficiency. As an important international financial center in the region, the efficient and effective operation of our securities market will have an important bearing on the development of our competitive position in the region and, hence, be conducive to maintaining financial stability.

Considering the crucial role that DCSX is playing and will continue to play in the further development of our securities market, it is imperative that DCSX and all market players be committed to the development of a strong, sustainable, and efficient securities market--a market that helps issuers raise funds in an efficient manner while at the same time aims to protect public interest. The confidence of investors in the securities market is extremely important because the willingness of people to channel their funds into productive investments, and the willingness of companies to invest the funds raised in productive projects and assets rests on that confidence.

I am sure you would all agree with me that inspiring confidence in a newly developed securities market is not an easy task. To convince investors to have complete trust in our securities market, we must be diligent in promoting sound practices, be continuously aware of the interests of the investors we ultimately serve, and be committed to work together to promote efficiency in our securities market. It is in that context that I want to emphasize that while this launch we are celebrating today is significant in its own right, it is not an end

in itself. It is simply the outcome of all the planning and deliberations that have taken place thus far. This launch marks the beginning of a process. The actual work begins now. We must not become complacent, and we must at all times continue to reach for higher ground while adhering to the highest standards and integrity and promoting best practices in an effort to inspire public confidence in our securities market. We must be committed to quality and excellence. Therefore, it is imperative that the market participants in our securities market be knowledgeable, reliable, and efficient and that the necessary resources be devoted to the broadening of the education and knowledge of the market participants.

Ladies and gentlemen, allow me at this time to highlight five broad areas that we consider the prerequisites for the success of a securities exchange.

**(1) *Economic and political stability:*** To attract investors, securities markets must operate in a stable economic and political environment. Economic and political instability adversely affects business continuity and undermines investors' confidence. The success of many securities exchanges around the globe has been attributed largely to the confidence of investors in the political and economic system of the particular jurisdiction. Both listed companies and investors must be able to rely on the stability of the economy and the government.

**(2) *A good market infrastructure:*** A securities market must design and launch trading, clearing, and settlement systems that respond well to the particular nature and complexity of its market conditions. The technology of trading, clearing, and settlement is crucial to the performance of a well-functioning securities market. The market infrastructure must continuously be reforming to adapt to the constantly

changing business environment. The market infrastructure also must facilitate and contribute to the detection of market abuses and malpractices.

**(3) Proper disclosure of price-sensitive information:** This prerequisite is particularly important so that relevant market information can be disseminated quickly and efficiently to participants. Since markets thrive on information, a securities exchange must ensure that the information provided to prospective and existing investors is sufficient, accurate, and not misleading. The securities exchange must promote transparency by ensuring that information about transactions and price discovery is rapidly and reliably available to all stakeholders. Consistent and reliable information is essential for investors to make informed investment decisions and for a market to operate efficiently.

**(4) Competent and honest market participants:** As noted, the success of a securities exchange is largely dependent on the competence of the professionals operating in the market. These professionals must be able to carry out their tasks with skill and must constantly keep upgrading and expanding their knowledge as the securities market keeps evolving. They also must be individuals of high integrity who adhere to generally accepted codes of conduct for business dealings, and who will not engage in illegal and abusive market practices to the detriment of investors.

**(5) A sound regulatory and enforcement framework:** The regulatory framework comprises both the self-regulatory oversight exercised by the securities exchange and the external supervision exercised by the supervisory authority, that is, the Central Bank in our jurisdiction. The self-regulatory body associated with the securities exchange must have rules of conduct for the market participants and must actively supervise the activities of the market participants. The supervision exercised by the

supervisory authority must entail both oversight of the activities of the securities exchange and oversight of the supervisory activities performed by the self-regulatory body. The investors must have confidence that the securities exchange through which they invest their funds is applying and adhering to high standards of business conduct and ethics. The regulatory framework must support economic development and growth, financial stability, protect investors, and be responsive to the changing market environment. The regulatory framework also must provide for enforcement actions against market participants to be taken by the self-regulatory body or the Central Bank when violations are detected.

Ladies and gentlemen, let me elaborate briefly on our Bank's role as the supervisory authority of the securities exchange. As many of you know, our Bank has been entrusted with the supervision of securities exchanges by virtue of the *National Ordinance on the Supervision of Securities Exchanges*. Our task is mainly to monitor DCSX's business operation and ensure that its business activities are conducted in a fair and transparent manner. It is also our duty to issue standards and to ensure that legal and other regulatory requirements are adhered to. While our Bank believes that good regulation has no substitute since it commends a premium and preserves reputation and stability, we are also aware that overregulation will impair the ability of our securities market to thrive and to become and remain competitive. We are and will undoubtedly continue seeking a proper balance between the adequacy and effectiveness of regulation, on the one hand, and the flexibility needs of the free market, on the other. Striking this balance calls for a constant dialogue with the market participants to foster a conducive pro-business environment that is sensitive to the

needs of the market, and at the same time enables the Bank to enforce prudential safeguards to protect the interest of investors and the integrity of our financial sector.

### **Concluding remarks**

To conclude, I would like to say that although the development of a sound and efficient securities market is a challenging process, it is not impossible if the necessary commitment is pledged to the process. The launching of the DCSX today provides a window of investment opportunities for our nation that can significantly promote economic development and diversification. Through the launching of the DCSX, we are today unleashing a process that is full of possibilities, and we should consider ourselves privileged to be part of such a promising birth. The continued success of the initiative will depend largely on the commitment of the market participants to promote investor confidence in our local securities market. We should be committed to develop quality, since the quality of our securities market can only be as good as the sum of the quality of its participants. At the end, only the securities markets with best practices, high quality, and commitment to excellence, will thrive in this competitive marketplace.

I thank you for your attention and would like to wish DCSX all the best in the future.