

Overview of the Securities Industry

During the quarter ended December 31, 2015, the number of licensed securities dealers supervised by the Financial Services Commission (FSC) stood at 42. Of the 42 licensed dealers, the analysis will focus on 32 securities firms whose core business is dealing in securities.

Total repo liabilities declined by 3.5 per cent for the quarter ending December 31, 2015 when compared to the quarter ending December 31, 2014. This was also evident in the intermediation ratio declining by 1.4 percentage point from the amount recorded as at the end of September 2015 (See table 2). While the reduction in repo liabilities, total FUM increased by 11.7 per cent for the report period (See table 1).

Table 1: Statistical information of the Securities Firms, September 2014 to December 2015

As at	Sep 14 \$'B	Dec 14 \$'B	Mar 15 \$'B	June 15 \$'B	Sep 15 \$'B	Dec 15 \$'B	%age Change between Dec '14 & Dec '15
Balance Sheet							
Total Assets	542.6	547.1	529.6	528.1	533.4	532.4	-2.7
Total Liabilities	471.1	475.9	456.1	452.6	461.9	458.7	-3.6
Total Capital	71.5	71.1	73.5	75.5	71.5	73.7	3.7
Funds Under Management	796.9	813.8	804.2	856.0	892.3	909.0	11.7
Total Repo Liabilities	411.1	415.7	402.2	403.3	406.2	401.0	-3.5
Profit and loss							
Total Revenue	10.4	10.1	9.7	10.9	9.4	11.6	14.9
Total Expense	8.0	7.9	7.8	7.1	6.9	9.3	17.7
Total Interest Income	7.8	7.3	7.1	7.2	6.7	8.3	13.7
Total Interest Expense	5.1	4.8	4.3	4.2	4.0	5.1	6.3
Net Interest Income	2.7	2.6	2.8	3.0	2.7	3.2	23.1
Net Profit	1.5	1.4	0.9	2.3	1.9	2.1	50.0

September and December 2015 data preliminary

Table 2: Selected Prudential Ratio for Securities Firms

Ratio	Sep 14	Dec 14	Mar 15	Jun 15	Sep 15	Dec 15	FSC Benchmark
Capital/Risk Weighted Asset	21%	22%	22%	22.4%	21.6%	21%	≥ 10%
Capital/Total Assets	13.2%	13%	14%	14.3%	13.4%	14%	≥ 6%
Intermediation Ratio	35%	35.5%*	35.2%	31%	29.4%	28%	≤ 50%

*Based on revised definition for Retail Repos as per Securities (Retail Repurchase Agreements) Regulations, 2014