

## Securities

During the quarter ended March 31, 2016, the number of licensed securities dealers supervised by the Financial Services Commission (FSC) stood at 42. Of these 42 licensed dealers, the analysis will focus on 32 securities firms whose core business is dealing in securities.

Total Funds under Management (FUM) for the securities firms, as at March 31, 2016, was approximately \$928.5 billion. This represents an increase of 15.5 per cent over the comparative period in 2015. Total assets also reflected an increase of 3.0 per cent in comparison to March 31, 2015, while the resilience of the securities industry's capital base continues to be evident with total capital for securities firms standing at \$75.3 billion as at March 31, 2016, representing a 2.4 increase over the comparative period last year.

Despite the increase in funds under management and capital base during the March 2016 quarter, there was a noticeable decrease in the reported revenues for securities firms. Total revenue for the March 2016 quarter decreased by 13.4 per cent when compared to March 2015, while interest income declined by 18.3 per cent **(See table 1)**.

With respect to the prudential ratios, securities firms continue to satisfy the minimum regulatory capital requirements for the capital base to risk weighted assets, and the capital to total assets ratios. As at March 31, 2016, the average capital base to risk weighted assets ratio was 21.2 per cent, while the average capital to total assets ratio was 13.8 per cent, reasonably well above the 10 per cent and 6 per cent minimum statutory requirements respectively.

As at March 31, 2016 the average intermediation ratio was 27.4 per cent, which is 7.8 percentage points below the reported figure for the comparative period last year. This downward trend was expected in light of recent Retail Repo Reform measures which served to mitigate certain risks in the Retail Repo market. **(See table 2)**.

As at	Mar 15 \$'B	June 15 \$'B	Sep 15 \$'B	Dec 15 \$'B	Mar 16 \$'B	%age Change between Mar '15 & Mar '16
<b>Balance Sheet</b>						
Total Assets	529.6	528.1	533.4	532.4	545.7	3.0
Total Liabilities	456.1	452.6	461.9	458.7	470.4	3.1
Total Capital	73.5	75.5	71.5	73.7	75.3	2.4
Funds Under Management	804.2	856	892.3	909.0	928.5	15.5
Total Repo Liabilities	402.2	403.3	406.2	401.0	402.2	0.0

<b>Profit and loss</b>						
Total Revenue	9.7	10.9	9.4	11.6	8.4	13.4
Total Expense	7.8	7.1	6.9	9.3	6.9	11.5
Total Interest Income	7.1	7.2	6.7	8.3	5.8	18.3
Total Interest Expense	4.3	4.2	4	5.1	3.1	27.9
Net Interest Income	2.8	3	2.7	3.2	2.7	3.6
<b>Net Profit</b>	0.9	2.3	1.9	2.1	0.9	0.0

<b>Table 2: Selected Prudential Ratio for Securities Firms</b>						
<b>Ratio</b>	<b>Mar 15</b>	<b>Jun 15</b>	<b>Sep 15</b>	<b>Dec 15</b>	<b>Mar 16</b>	<b>FSC Benchmark</b>
Capital/Risk Weighted Asset	22%	22.4%	21.6%	21%	21.2%	≥ 10%
Capital/Total Assets	14%	14.3%	13.4%	14%	13.8%	≥ 6%
Intermediation Ratio	35.2%	31%	29.4%	28%	27.4%	≤ 50%