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**CAPITAL MARKET DEVELOPMENTS
IN THE BAHAMAS: ARE WE READY
FOR A STOCK EXCHANGE**

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The views expressed in this paper are those of the author and do not necessarily represent the Central Bank of The Bahamas. The paper should be considered as a work in progress. The author would welcome any comments on the written text or on any of the issues raised, many of which have yet to be resolved.

Since the mid-1980s, there has been rapid growth in "emerging equities markets," as financial sector deregulation, liberalization and privatization efforts intensified interest of foreign investment in new capital and equities markets, particularly in developing economies with seemingly stable economic prospects. This trend has been further augmented by the generally accepted condition that a well developed and efficient capital market is an integral part of the general process of national development.

This paper looks at the case of The Bahamas as it seeks to follow in the footsteps of other regional economies with the development of a local stock exchange. The initial section of the paper provides a brief historic summary of the development of present capital markets and the financing options available to Bahamian entrepreneurs and local businesses. Issues raised include securities regulations already enacted and those under consideration, the adequacy of these legislative initiatives and the prospects for the development of a viable market for government and public sector debt instruments.

The size and international clout of the offshore financial services industry in The Bahamas gives it enormous leverage in influencing local capital market developments. A relevant question therefore is what would be the relative merits of an offshore stock exchange, and how should such an exchange be regulated in light of the current limited direct supervision of this sector by government.

Given present trends towards closer financial sector integration, including the development of a regional stock exchange, the possible relationship between The Bahamas stock exchange and other regional exchanges will also be examined. The principal focus is on issues that may impede

such co-operation, including the ability to settle transactions among differing exchange rate regimes, and such sovereignty issues such bank secrecy and disclosure requirements. Finally, we discuss what lessons can be derived from the experiences of the existing regional exchanges.

II. Prospects for Capital Market Development

In the present international financial environment, it is evident that development and growth of capital markets are an integral part of the process of national and economic development. The main theoretical argument insists that securities markets improve the allocation of resources, reduce the reliance on single sources of financing and increases the total supply of capital. To this end, governments of many developing countries have concentrated intensively on financial sector reform. Correspondingly, developments in capital markets have been rapid and profound, aided chiefly by financial deregulation, liberalization and privatization policies. Current trends have spawned rapidly emerging markets, particularly in the developing world, bringing with them numerous opportunities and pitfalls as economies strive to foster the spontaneous establishment of securities markets and to promote the evolution of these markets toward the kind of markets found in industrial countries.

In recent years almost all the transitional economies of Eastern and Central Europe have opened or announced plans to open stock markets, as have most Latin American and Caribbean countries. Following on the heels of its Caricom counterparts, The Bahamas appears also poised to officially announce the creation of its own local exchange as part of its overall capital market development strategy. However, theoretical and institutional considerations suggest a cautionary approach to the pace of this development. What are the advantages and disadvantages of capital market development for The Bahamas? What are the options presently available to entrepreneurs and businesses? Has an effective securities legislation been implemented and is there a proper

regulatory environment combined with the maintenance of prudent supervisory oversight of the market and its players? All of these are not enough if one ignores the appropriate macroeconomic conditions necessary to support an efficient and viable securities market including low budget deficits, reduced public spending and a stable inflationary environment. How well and how quickly these criteria can be satisfied should determine the pace and direction of capital market development in The Bahamas.

1. Advantages and Disadvantages of Establishing a Stock Exchange

One of the major theoretical of establishing a stock exchange has been its ability to mobilize domestic savings and aid in the efficient distribution of these funds to the productive sectors of the economy. The stock exchange would permit domestic savers to diversify their portfolios while providing an important source of investment capital at low cost. Even more importantly to those local businesses and entrepreneurs, for whom bank financing has sometimes been a dismal prospect, equity financing provides the much needed capital to expand or develop areas or projects that banks have consider too risky.

From a purely corporate perspective, the continuous valuation of share prices inherent in well-functioning equity markets and the implied possibility of mergers and takeovers, can impose discipline on the behavior of firms and lead to more efficient allocation of capital. In a small market, equity ownership can become sufficiently concentrated to permit large share holders to exercise considerable influence and scrutiny over managerial actions.

Potential pitfalls of capital market development include the possibility of excessive volatility, and a marked increase in equity prices, not related to economic fundamentals (speculative bubbles). High volatility and closely correlated share prices may indicate pricing inefficiencies,

the slow incorporation of new information, insider dealing or infrequent trading. If however, the volatility is simply the result of the thinness of trading in the market, as these markets broaden and deepen further, the volatility can be expected to diminish.

Speculative bubbles are of more important concern in developing countries. As speculative investors continue to drive prices higher today in expectation of even higher prices tomorrow, the price levels may no longer be justified by the underlying economic fundamentals. When this happens, the market is vulnerable to a major correction (the bubble bursting) upon a change in market sentiment. The effect of such a correction on the real economy can be considerable, especially if a wider range of asset prices were affected. In addition, a sharp downturn in asset prices can have significant adverse effects on the banking sector, which can compound the confidence and wealth effects leading to a retrenchment in consumption and investment spending. Finally, it can be argued that devoting scarce resources to developing these markets may be inappropriate for countries in the early stages of development, especially without an adequate financial structure such as a well-functioning clearing and payment system.

2. Financing options for entrepreneurs and businesses

Traditionally, companies in The Bahamas have been small-scale, owner-operated enterprises, where the owner/manager invested his own capital and is the sole claimant on the firm's profits, with little if any differentiation between the assets and profits of the enterprise as separate from that of the owner/manager. New investments are usually out of pocket or from retained earnings, if any; or if substantially more capital is required, the first resort is most often loans from family and friends. These strong family and social ties allow the entrepreneur to retain effective control over the firm's operations without burdensome oversight by investors.

Only as a final resort the owner may seek short-term debt financing from the banking system. This is probably due partly to the historic reluctance by the banking sector to lend to small-scale enterprises and their preference for short-term consumer lending. Banks defend their reluctance by pointing out their lack of experience or expertise in adequately assessing the financial strength of these enterprises or the viability of the projects proposed. The proprietors meanwhile, make reluctant use of the banks' facilities because they resent the input of these banks on managerial decisions.

In the case of external shareholders and bondholders, although they may be able to demand access to the same information as banks, there is reason to believe that they are in a weaker position to influence managerial decisions. This position would seem to augur well for the evolution of capital financing in The Bahamas --from reliance on friends and family and bank financing, to equities and ultimately to securitization. However, other criteria would have to be met before the long term viability of any local exchange can be assured. The most important of these is the formulation of comprehensive securities legislation governing the market and the conduct of the players and agents.

3. Securities Legislation Proposed and Enacted

As early as 1971, "The Securities Act" designed to regulate the Bahamian securities market, was passed by Parliament, although it was never given legal status by being officially gazetted. Since this time, legislation has continued to be introduced with the intent to oversee the nation's capital markets but none has ever been enacted. Most recently, these have included the draft "Securities Industry Act, 1989." This proposed legislation, based roughly on the British model of securities law, relies heavily upon self-regulation, but is without provision for the creation of a

regulatory institution analogous to the UK's Securities and Investment Board (SIB) or the US's Securities and Exchange Commission (SEC).

The Bank and Trust Company Regulations Act, the Exchange Control Act, The International Business Companies Act, 1989, The Companies Act, 1992, and various amendments to that Act covering, limited partnerships and limited duration companies have all been enacted without directly addressing the issue of proper legislative regulations for a viable securities market.

Following its election in October 1992, the Government of The Bahamas appointed a securities task force to examine the issue of capital market development and to make recommendations for the establishment of a securities market in The Bahamas. Although this task force has yet to complete its mandate, it has spawned several developments germane to this forum. In December 1994, Parliament enacted the "Mutual Funds Act," which was designed to regulate the fast expanding mutual fund industry. At the same time, a significant step was taken towards the establishment of a local stock exchange with the enactment of "The Securities Board Act" which created the supervisory and regulatory vehicle for the securities market in The Bahamas, including the Bahamas stock exchange, whenever it is established. Whether The Bahamas chooses to begin with the Securities Industry Act or some other set of securities legislation based on the UK or US model is not as important as ensuring that it adequately anticipates the needs of both the investment community and those seeking financing.

4. Regulation and Supervision

Coincident with the passage of appropriate legislation, there is the need to establish a proper regulatory and supervisory environment. The essential role of any regulator must be to ensure that risk is properly managed and that adequate defenses are prepared against possible

weaknesses, while permitting the broadest possible scope for market forces to determine prices and the allocation of financial resources.

The fundamental challenge for the agency responsible for regulating the industry will be to design a framework that will allow for prudent supervision, while enhancing competitiveness and ensuring the easy entry and exit of players, agents institutions and activities without destabilizing the system. This is critically important for The Bahamas as the transition takes place from a liquidity and credit allocation system long dominated by the banking industry, to an environment in which banks must compete with the securities market.

A key component of the regulatory and supervisory infrastructure is a well functioning legal system that recognizes and keeps pace with developments in the industry. The Bahamas, may need to review the adequacy of some aspects of its legal system to ensure that these activities are properly accommodated. In particular, the very existence of securities markets relies on the rules protecting the rights of debtors and shareholders and on the rights of individuals to own and trade these rights. In addition, the legal system should provide a framework for the general protection of property and contracted rights and most importantly, define and enforce securities laws through the effective prosecution of any violations.

5. The Role of the Banking Industry

Like most economies in the early stages of development, banks have dominated the provision of finance. In time, it is expected that the banking sector would no longer be able to meet all the financing requirements of the Bahamian economy thus heralding the need for securities. However, even in the securities market banks will still have a useful role to play, both directly or indirectly.

If prevented from direct participation, such as taking positions, acting as market makers or underwriting securities, they should be allowed to advance credit to market participants and underwriters in order to facilitate greater liquidity in the market. Banks may also play a role in the clearing and settlement procedures, while the exchange clearing houses themselves will need to maintain borrowing rights to protect the market against defaults by one or more members of the exchange. Finally, market participants, including dealers and brokers, will often need access to bank lines of credit to manage settlement delays or other unforeseen market failures.

Clearly, the successful development of the nonbank securities markets is closely correlated with the health and development of the banking industry. A weak banking system in need of restructuring and recapitalization, and related mechanisms for clearing and settlement of wholesale payments and securities transactions that are inefficient or ineffective, can significantly constrain the development of securities markets. Such an undercapitalized or illiquid banking sector greatly increases the systemic risk to any fledgling securities market dependent on the availability of credit.

Fortunately for The Bahamas, the health and development of the local banking sector make it likely that banks would be able to fulfill whatever role designated to them by the relevant authorities. It should be noted that this mixing of banking and securities, however, slight, has the potential to divert resources that would normally go to the productive sectors of the economy.

6. Prospects for Government and Public Sector Debt Instruments

The prospects for a bond market featuring principally government debt instrument and also government corporation bonds and debt of other corporate entities appears much less likely than the prospects for an equities market. The development of money markets in general and

market-based monetary policy operations in particular require that: (a) interest rates should be freely determined by the market; (b) holdership should be defined as broadly as possible to stimulate competition and to improve the process of interest rate setting. Broad ownership will also facilitate the transmission of monetary policy signals; (c) the maturities of the paper should be such that they stimulate trading; (d) transfer of ownership of the instrument must be easy; (e) to stimulate trading and holding, taxation should be simple and transparent; and (f) proper rules for rediscounting the financial instrument should be established. Access to the central bank's rediscount window should not be automatic or easy, thus encouraging secondary market development and opening the door for potential market makers.

When viewed in the light of these criteria it is clear that The Bahamas has a long way to go. Firstly, the interest rate on government long-term securities is set, while rates on treasuries are determined by auction. The government, through the Central Bank has the right to reject any and all bids, with the Central Bank taking up the amounts rejected at auction. Secondly, the holder base of both short and long term securities is very narrow. Although, more than B\$850 million of Government long term securities are outstanding, less than 10% of this amount is held by the private sector, exclusive of banks and the insurance companies. Maturities range up to 30 years, however, the thirty year issue is rather thin at B\$15 million.¹ Transfer of ownership is not onerous and there is no taxation on the purchase or holding of these instruments. However, the Central Bank automatically rediscounts all securities making the need for a secondary market in these instruments rather superfluous.

Without substantial encouragement from the fiscal authorities, government corporations will continue to meet most of their financing requirements through the banking system. With the

¹ See tables 1 - 3

government guarantee of these facilities, the banks see this type of lending as low risk investment opportunities. By encouraging the use of the debt market rather than the banking system, both the government and the corporations may in fact be able to issue debt at lower rates which would in turn increase the number of investment opportunities for the local investor and shift his return requirements to capital considerations as well as income.

An active secondary market in public sector paper would allow the central bank to perform genuine open market operations, while preserving its operational autonomy and the effectiveness of its monetary policy. The principal monetary policy implication of such development lies in the fact that it allows for the separation of debt management and monetary policy functions while allowing for a smooth transition to indirect monetary policies, including market determined interest rates.

At present, in The Bahamas, as in most developing countries, debt and monetary management are both conducted in the primary market with the same instrument. The Central Bank has to rely on the primary issues of government securities for both functions, which can often lead to conflicts if the central bank and the treasury have differing intentions with primary issues of government securities.

III. Development of Dual Equities Markets

The Bahamas is one among a few Caricom countries that maintains a fixed exchange rate regime along with controls over capital account transactions, which will have implications for whether stock market activities are limited to only the domestic market or extended to include foreign participation.

One solution put forth has been the establishment of two separate securities markets. The first would be purely local, denominated in Bahamian dollars and the Central Bank would maintain capital controls to protect the level of reserves. In order for this domestic exchange to attract new issues and new participants and to maintain liquidity, it will be necessary for the government to develop the necessary infrastructure which will in turn help to mobilize the institutional investors. Deepening of the domestic exchange will require the mobilization of additional players and issues.

Presently in The Bahamas, domestic equities trading takes place in largely unregulated, informal, "over-the-counter" markets. On the whole, demand for local equities is confined to the individual investor rather than institutional participation, which may account for the limited size and placement of individual equity offerings. Due largely to the absence of market makers and the limited number of investment alternatives, the market is considerably illiquid. As a result, most local investors who buy equities, tend to hold on to their original holdings. The low volume of trading combines with the relative lack of investment alternatives to maintain an upward bias in share prices. Accordingly, most Bahamian equities have a high payout ratio, particularly when compared to saving deposits rates. Although fundamental criteria such as price earnings, debt-equity and other balance sheet ratios are commonly used to determine the price of individual issues, the lack of similar companies to compare the issuer of common shares with, makes this exercise more difficult. Finally, the local informal market seems to provide an efficient corporate analysis in an ad hoc way, reflected in the fact that some issues are better received compared to others.

Over the past twelve to eighteen months there has been considerable excitement in the domestic equities market with the initial public offerings of two local banks, including 50% of the

government owned Bank of The Bahamas, a preferred share offering in a third local bank and the initial public offering of shares in the nation's only cable company. Although, there are a limited number of equity issues² there has been significant growth in the availability of potential market participants.

Compared with the domestic, less is known about the offshore market which is closely integrated with international capital markets, due to its unregulated nature. However, the technical sophistication of this market exceeds that of the domestic market with greater use of innovative financial instruments including a variety of derivative products. The number of institutions, the quantity of investable funds and the amount of technical skills available to the offshore sector gives it a vital role to play in the development of debt and equities markets in The Bahamas.

As for the participation of this sector in a domestic stock exchange, the authorities will need to explore the implications for the capital account. It is clear however, that this sector can serve as a catalyst for the development of the domestic sector. The training and technical expertise gained by local residents working in the sector should boost the domestic exchange, in addition to the transfer of technology and managerial expertise, reporting requirements, accounting standards etc. In order to broaden the number of participants in the domestic capital market, the Government may consider allowing foreign investment on the domestic market, perhaps with a limit as to the level of ownership of a Bahamian owner company. The lack of foreign participation may severely slow the rate of growth relative to new issues.

² There are approximately nine (9) outstanding equity issues including those mentioned. Total number of shareholders in the market is estimated at 20,000. Recent issues have accounted for 20 million additional shares available to the public.

Should the authorities move to establish a strictly offshore equities market the swift introduction of enabling regulatory environment will be required to limit excess volatility, ensure orderly development, prevent abuses --including money laundering so as to maintain the reputation of The Bahamas as an offshore financial center.

IV. Co-operation and/or Integration with Other Regional Exchanges

1. Harmonization of securities laws with other Caribbean territories

Article 39 of the Treaty establishing CARICOM pledges its members to as far as practical pursue coordinated financial policies, and at its annual summit in 1989, its members pledged to establish a "regional capital market." The market would be managed by the private sector with the governments providing regulations through a regional securities commission involving central bankers and finance ministers. Since that time, efforts have been underway to establish closer co-operation and eventually integration of the region's stock exchanges. As a member of the Community, The Bahamas must consider the level of capital market cooperation and/or integration that it wishes to establish with the international community in general and Caricom in particular.

To the extent that The Bahamas may wish to integrate its proposed stock exchange with those currently existing and expected in the rest of the region, consideration must be given to the harmonization of securities laws with the ultimate goal being to allow companies to raise capital throughout the Community as easily as in its domicile country. However, harmonization raises issues that encroach upon national sovereignty including regulatory requirements and accounting standards that may differ significantly in differing territories. Should The Bahamas consider using

the securities legislation of Barbados, Jamaica or Trinidad and Tobago as a base model, or develop its own and seek harmonization only when a region-wide model has been developed?

2. Clearing and Settlement Issues

Closer integration of the local exchange with other regional exchanges or co-operation with a regional capital market would possibly involve cross listing of stocks, and the trading of stocks and bonds across regional markets. This brings to the fore perhaps the most important obstacle to The Bahamas' participation in a regional capital market or even closer integration of local exchanges: the issues of differing national clearing and settlement procedures.

Any region-wide clearing and settlement system must address the exchange risk inherent in the different exchange rate regimes, and the fact that no accepted currency parity has been established. The speed of the settlement period becomes a critical element in order to limit exposure to foreign exchange risks. Any significant integration of clearing systems must involve eventually a common settlement period (settlement periods range from three days in Tokyo to five days in New York and six days in London). Ideally, trades should be matched on the first business day and settled no more than three days after the trade date. There must also be some system of automated trade confirmation, an efficient method of clearing funds across national borders and a central depository to obviate the need to physically move certificates and to allow more efficient computerize trading.

3. Disclosure Issues

Closer integration of regional exchange or a regional capital market will inevitably involve significant exchange of information about both companies and investors. This raises a major concern regarding the amount and type of information that The Bahamas may be required to

disclose concerning investors in the local equities market. The Bahamas' confidentiality laws may prohibit the release of any information to any revenue authorities, that may be used for the assessment of tax liabilities without the permission of the individual or company concerned. How this issue is addressed on a region-wide basis will do much to determine the level of integration eventually achieved.

The promptness and the extent to which information concerning trades, which take place on regional exchanges, must be disclosed, also needs to be addressed. In order for all regional investors to benefit from a closer integration of these exchanges, information must be promptly and simultaneously available to all participants in the market.

The development and enforcement of securities laws on a regional basis remains a serious concern. There must be some regional regulatory agency that would monitor the market with a view to identifying and prosecuting securities fraud, including insider trading, market manipulation and money laundering.

4. Lessons from the experiences of other regional exchanges

The experiences of other Caribbean territories have not been very encouraging either for the development of a local stock exchange or a regional capital market. Stock markets in Jamaica, Trinidad and Tobago, and Barbados have grown only slowly since their inception, with their present levels of activity achieved only after a number of years of illiquidity, thinly traded issues and few market participants. The question remains as to how successful have these markets been in achieving the primary function a stock exchange; the mobilization of domestic savings and being a source of new capital and an alternative to bank financing of capital needs.

If The Bahamas is to achieve initial success as well as long term viability of its capital market, it needs to be certain that the conditions discussed earlier, which are necessary, if not sufficient, for the long-term sustainability of the stock exchange are met prior to the exchange being opened. The development of the secondary market for government securities; the full or partial privatization of some government-owned corporations to provide depth and liquidity to the market; the encouragement of the private sector to make use of pension and other investment funds to increase the number of market participants; sound macroeconomic policies to foster investor confidence and the proper regulatory environment to promote the integrity of the market are all crucial criteria that must be satisfied if The Bahamas' securities market is to become something more than just a thinly traded illiquid market for elite companies and foreign and local investors.

V. Conclusion

There is little doubt that at the very least, an equities market trading in domestic shares will begin operation in The Bahamas in the very near future. Most of the criteria for long-term sustainability appears to be in place or on the drawing board. Inflation is stable at a low level, thereby providing a environment for long-term placement of debt; the growth in government budget deficits have been curtailed, allowing for the availability of private savings to go to private investment opportunities; overall national debt has been trimmed, although modestly; and severe restraints have been place on public sector spending, which should prevent the enforcement of an onerous tax burden which would discourage work, savings or investments.

It should be pointed out however, that the high per capita income (approaching \$11,500) is generated almost exclusively by the tourism and financial services sectors rather than manufacturing and the rest of the productive sector. There remains in The Bahamas a critical need

to diversify the economy away from the reliance on tourism and banking and more towards small-scale manufacturing, micro enterprises, and agriculture and fisheries.

The development of the productive sector has often lagged tourism and banking. As a consequence there are only a few large manufacturers who may be in the position to issue equities on the securities market and most small scale enterprises either would not meet the listing and disclosure requirements, or the owner/manager would not be willing to submit to investor oversight. It is necessary therefore, both for the development of the stock exchange and equally as important for the diversification of the Bahamian economy to reduce the requirements, for small and medium sized businesses to be listed on the exchange

If the new stock market is to play any meaningful role in the development of the Bahamas it will need substantial numbers of issues and investment participants. Initially the Government can encourage this by considering the privatization of any of several large government utilities. This would allow for a deepening of the pool of shares available to the public and increase the liquidity of the market. More investment participants can come from company and institutional investors including retirement and pension funds and insurance funds, which at present invest primarily in government securities.

The passage of the Mutual Funds Act and the Securities Board Act demonstrates that the government is willing to ensure proper regulation of the emerging capital market, and that any new development can be responded to promptly and efficiently by this new regulatory body. The enactment of the Mutual Funds Act acknowledges the financial clout wielded by these investment vehicles both domestically and in the offshore sector and insists these instruments and those that use them are sufficiently knowledgeable and properly trained in their use. The passage of a

comprehensive securities act, similar in function if not in form to the UK's Financial Services Act or the US's Securities Act of 1933 or any of several Caribbean models, remains to be completed.

With very few changes, the legal and banking systems of The Bahamas are more than adequate to meet the challenges of this emerging capital market. In addition, a new fraud and money laundering bill presently in Parliament should boost the detection and prosecution process of all financial crimes including those associated with the securities market. The domestic and offshore banking sectors have always shown themselves to be adaptive and resilient. Although the formal development of the securities market may cause some dislocation at least in the initial stages, there is little doubt that with clearly defined roles these entities will be key players.

Finally, the economic structure of The Bahamas, with its fixed exchange rate regime and restrictions on capital movements (exchange controls) raises doubts about its ability to integrate its capital market with that of the rest of the region without significant restructuring, and diversification of the economy. However, with the movement presently underway not only for regional integration but for hemispheric integration of capital markets, The Bahamas will need to look towards its position in the global financial community, particularly as it affects its status as one of the world's premier offshore financial centers. In short the question for The Bahamas is "Do we run with the pack or get left behind?" The benefits of closer integration are beguiling, however, is the price too high to pay at this time?

Table 1 Central Government: Treasury Bills

(Vol./B\$'000)

Period	At Tender			HOLDINGS				Total Outstanding
	Amount Applied for	Amount Allotted	Avg. Discount Rate (%)	Central Bank	Commercial Banks	Public Corporations	Other	
1985	318,250	160,000	4.68	--	6,564	33,436	--	40,000
1986	367,125	195,000	2.46	--	19,500	30,500	--	50,000
1987	326,000	232,500	3.11	18,500	20,000	11,000	500	50,000
1988	193,200	200,000	5.69	6,000	26,500	17,500	--	50,000
1989	202,000	223,000	5.21	33,000	13,000	32,500	--	78,500
1990	247,600	314,000	5.83	27,000	6,000	45,500	--	78,500
1991	235,151	372,500	6.41	51,850	16,000	41,150	--	109,000
1992	237,500	347,000	5.31	54,350	11,500	39,150	4,000	109,000
1993	498,067	434,000	3.98	41,000	37,500	45,500	--	124,000
1993								
Qtr.I	21,433	28,667	4.67	34,017	36,667	36,317	2,000	109,000
Qtr.II	30,717	29,667	4.84	5,633	64,067	35,600	3,700	109,000
Qtr.III	43,967	28,667	3.50	10,867	54,800	41,667	1,667	109,000
Qtr.IV	37,867	28,667	2.91	31,433	44,233	43,333	--	119,000
1994								
Jan.	--	33,000	2.57	27,500	48,000	48,500	--	124,000
Feb.	24,000	33,000	2.57	16,900	51,600	55,500	--	124,000
Mar.	22,600	25,000	2.52	10,500	52,500	61,000	--	124,000
Apr.	58,500	33,000	2.25	17,000	50,000	57,000	--	124,000
May	23,500	33,000	1.86	13,000	48,000	63,000	--	124,000
Jun.	66,000	58,000	2.07	12,915	48,700	62,385	--	124,000
Jul.	62,605	33,000	1.52	10,500	34,700	78,800	--	124,000
Aug.	65,000	33,000	1.17	10,000	34,833	75,167	4,000	124,000
Sep.	49,300	25,000	1.03	44,100	39,000	40,900	--	124,000
Oct.	12,000	12,000	1.30	37,100	46,000	40,900	--	124,000
Nov.	33,000	28,000	1.70	52,500	27,000	44,500	--	124,000
Dec.	61,000	45,000	1.99	65,179	13,571	45,250	--	124,000
1995								
Jan.	4,000	33,000	1.88	37,764	39,571	46,665	--	124,000
Feb.	39,000	33,000	1.82	41,835	29,000	53,165	--	124,000
Mar.	43,000	25,000	1.82	46,835	22,000	55,165	--	124,000
Apr.	27,000	33,000	2.05	17,000	50,000	57,000	--	124,000
May	29,000	33,000	2.43	13,000	48,000	63,000	--	124,000
Jun.	98,000	58,000	2.85	13,000	48,833	58,167	4,000	124,000

Source: The Central Bank of The Bahamas

Table3 Central Government: Treasury Bills

(Vol./B\$'000)

Period	At Tender			HOLDINGS				Total Outstanding
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1989	202,000	223,000	5.21	33,000	13,000	32,500	—	78,500
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Mar.	22,600	25,000	2.52	10,500	52,500	61,000	—	124,000
Apr.	58,500	33,000	2.25	17,000	50,000	57,000	—	124,000
May	23,500	33,000	1.86	13,000	48,000	63,000	—	124,000
Jun.	66,000	58,000	2.07	12,915	48,700	62,385	—	124,000
Jul.	62,605	33,000	1.52	10,500	34,700	78,800	—	124,000
Aug.	65,000	33,000	1.17	10,000	34,833	75,167	4,000	124,000
Sep.	49,300	25,000	1.03	44,100	39,000	40,900	—	124,000
Oct.	12,000	12,000	1.30	37,100	46,000	40,900	—	124,000
Nov.	33,000	28,000	1.70	52,500	27,000	44,500	—	124,000
Dec.	61,000	45,000	1.99	65,179	13,571	45,250	—	124,000
1995								
Jan.	4,000	33,000	1.88	37,764	39,571	46,665	—	124,000
Feb.	39,000	33,000	1.82	41,835	29,000	53,165	—	124,000
Mar.	43,000	25,000	1.82	46,835	22,000	55,165	—	124,000
Apr.	27,000	33,000	2.05	17,000	50,000	57,000	—	124,000
May	29,000	33,000	2.43	13,000	48,000	63,000	—	124,000
Jun.	98,000	58,000	2.85	13,000	48,833	58,167	4,000	124,000

Source: The Central Bank of The Bahama

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