



The Role of Financial Accountants and Auditors in the Securities Market

©Trinidad and Tobago Securities and Exchange Commission
23-06-16

DISCLAIMER

- The Trinidad and Tobago Securities and Exchange Commission, as a matter of policy, disclaims responsibility for any private publication or statement by any of its employees. The views expressed herein are those of the author(s) and do not necessarily reflect the views of the Commission or of the author's colleagues upon the staff of the Commission.
- The contents of this presentation are provided for information purposes only and are not intended to be or are not to constitute legal advice.



Overview

- ▶ Roles of the Financial Accountant and Auditors
- ▶ Disclosure-based Regulatory Regime
- ▶ Filing Requirements - Registrants and SROs
- ▶ Failure to file or Late filings
- ▶ Audit/Auditor Requirements
- ▶ The Commission/Auditor Relationship

Roles of the Financial Accountant and Auditors

Roles of the Financial Accountant and Auditor



Registrant
& SROs



Commission

Disclosure-based Regulatory Regime

- ▶ The Commission operates a disclosure-based regulatory regime which is codified in the Securities Act, 2012 and related By-laws and Guidelines
- ▶ A key component in any disclosure-based regime is the continuous disclosure of information relevant to an investment decision of a reasonable investor on a timely basis.

Filing Requirements - Registrants and SROs

1) Annual Report

Filed within:	From:
120 days of financial year end	<ul style="list-style-type: none">• SROs (By-law 16(1)(d), 16(1)(e) , 16(2))• Reporting Issuers (Section 63)• Contingency or Settlement Assurance Fund (Section 47(7) and By-laws 16(1)(e), (16(2))

Filing Requirements - Registrants and SROs

2) Annual Comparative Financial Statements

Due within:	From:
90 days of financial year end	<ul style="list-style-type: none">• SROs (By-law 16(1)(d), 16(1)(e) , 16(2))• Reporting Issuers (Section 65)• Contingency or Settlement Assurance Fund (Section 47(7) and By-laws 16(1)(e), (16(2))• Registrants (By-law 39)

Filing Requirements - Registrants and SROs

3) Interim Financial Statements - Quarterly

Due within:	From:
60 days of the end of the period to which it relates	Reporting Issuers (By-law 40)

Filing Requirements - Registrants and SROs

4) Interim Financial Statements - Semi- Annual

Due within:	From:
60 days of the end of the period to which it relates.	Registrants (Section 65, By-law 48)

Failure to File or Late Filings

Administrative fines for:

- ▶ Breach of the Act - up to maximum of \$500,000
- ▶ Failure to file or publish a document - up to \$1,000 for each day the document remains outstanding

Audit/Auditor Requirements

The background of the slide is white with abstract green geometric shapes on the right side. These shapes include overlapping triangles and polygons in various shades of green, ranging from light lime to dark forest green. The shapes are layered, creating a sense of depth and movement.

Auditor Qualifications

Requirement	Section/By-law
Auditor shall not be appointed as such for a registrant or SRO unless (a) The auditor has the capacity and resources to conduct the audit; (b) At least one member is a practising member in good standing with ICATT; and (c) Each audit partner, having primary responsibility is independent	By-law 92
A member of an auditor shall not have primary responsibility for the audit of a registrant or self-regulatory organization for a period of more than five consecutive years.	By-law 94

Auditor Qualifications

Requirement	Section/By-law
<p>The auditor of a registrant or self-regulatory organization shall not provide to that registrant or self-regulatory organization-</p> <ul style="list-style-type: none">(a) book-keeping or other services related to its accounting records or financial statements;(b) financial information systems design and implementation services;(c) actuarial services;(d) internal audit outsourcing services; or(e) such other non-audit related services as the Commission may specify.	By-law 95

Auditor Independence

Requirement	Section/By-law
<p>A member of an auditor is not independent of the registrant or self-regulatory organization if he-</p> <ul style="list-style-type: none">(a) is a connected party of the registrant or self-regulatory organization;(b) beneficially owns or controls, directly or indirectly five per cent or more of the shares or other securities of the registrant or self-regulatory organization or of any of its affiliates;(c) is indebted to the registrant or self-regulatory organization or any of its affiliates other than by virtue of a fully collateralized loan; or(d) has within two years immediately preceding the appointment of the auditor, been a receiver, receiver-manager, liquidator or trustee in bankruptcy of any affiliate of the registrant or self-regulatory organization other than a subsidiary or affiliate acquired through a realization of security.	By-law 93

Auditor Independence

Requirement	Section/By-law
<p>A person is a connected party of a registrant or self-regulatory organization if the person-</p> <ul style="list-style-type: none">(a) is a senior officer of the registrant or self-regulatory organization; or(b) is a senior officer of-<ul style="list-style-type: none">(i) an affiliate of the registrant or self-regulatory organization; or(ii) an entity that beneficially owns, directly or indirectly, or exercises control or direction over voting securities of the registrant or self-regulatory organization, carrying an aggregate of ten per cent or more of the votes attached to all outstanding voting securities of the registrant or self-regulatory organization.	By-law 93

Auditor Notifications

Scenario	Requirement	Section/By-law
<ul style="list-style-type: none">Where the auditor is of the opinion that a matter could give rise to a qualification of an audit report	Provide notice (with circumstances) to the Commission immediately and deliver a copy promptly to the registrant	Section 65(4) By-law 39(4)
<ul style="list-style-type: none">If the auditor resigns before the expiration of his term of office, or	Provide written notice (with reasons) to the Commission forthwith	By-law 98
<ul style="list-style-type: none">If the auditor does not seek reappointment	Provide written notice (with reasons) to the Commission forthwith	By-law 98

Auditor Notifications

Scenario	Requirement	Section/By-law
<ul style="list-style-type: none">Where the auditor is to be removed as a result of a disagreement with senior officers of a registrant or SRO	Submit to the firm and the Commission a written statement setting out the nature of the disagreement	By-law 99
<ul style="list-style-type: none">Where the auditor has resigned or his appointment has been revoked,	To supply written statement of the circumstances and reasons for such resignation or why, in the opinion of the former auditor his appointment was revoked upon request of the incoming auditor	By-law 100

The Commission/Auditor Relationship

- ▶ Technical expertise for investigation - section 150 allows a person to be appointed as an investigator
- ▶ Appointment as receiver/receiver-manager - upon application to the High Court under section 163. May be done via ex parte order of the High Court to freeze assets/accounts. Remuneration determined via the Court
- ▶ Appointment as liquidator - High Court may order the winding up of a registrant or SRO and appoint a liquidator under section 164. nominated by the Commission

THANK YOU

QUESTIONS/COMMENTS

TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

57-59 DUNDONALD STREET, PORT OF SPAIN, TRINIDAD, W.I.

Phone: (868) 624-2991

Fax: (868) 624-2995

Corporate Website:

www.ttsec.org.tt

Investor Education Website:

www.investucate.tt



DOWNLOAD OUR
MOBILE APP

TTSEC

Available on the iPhone
App Store

ANDROID APP ON
Google play

