



# The Trinidad and Tobago Securities and Exchange Commission: An Overview

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# TTSEC as the Securities Market Regulator

**Section 6** of the Securities Act 2012 outlines the functions of the Commission. These functions are as follows:

- ❖ Registration.
- ❖ Market surveillance.
- ❖ Regulating and supervising timely and accurate disclosure of information to the investing public;
- ❖ Conducting compliance reviews and examinations of its registrants.
- ❖ Protection against market abuse and insider trading
- ❖ Ensuring its registrants comply with AML/CFT laws
- ❖ Promoting the growth and development of the securities industry
- ❖ Co-operation with other jurisdictions
- ❖ Assess, measure and evaluate risk exposure in the securities industry

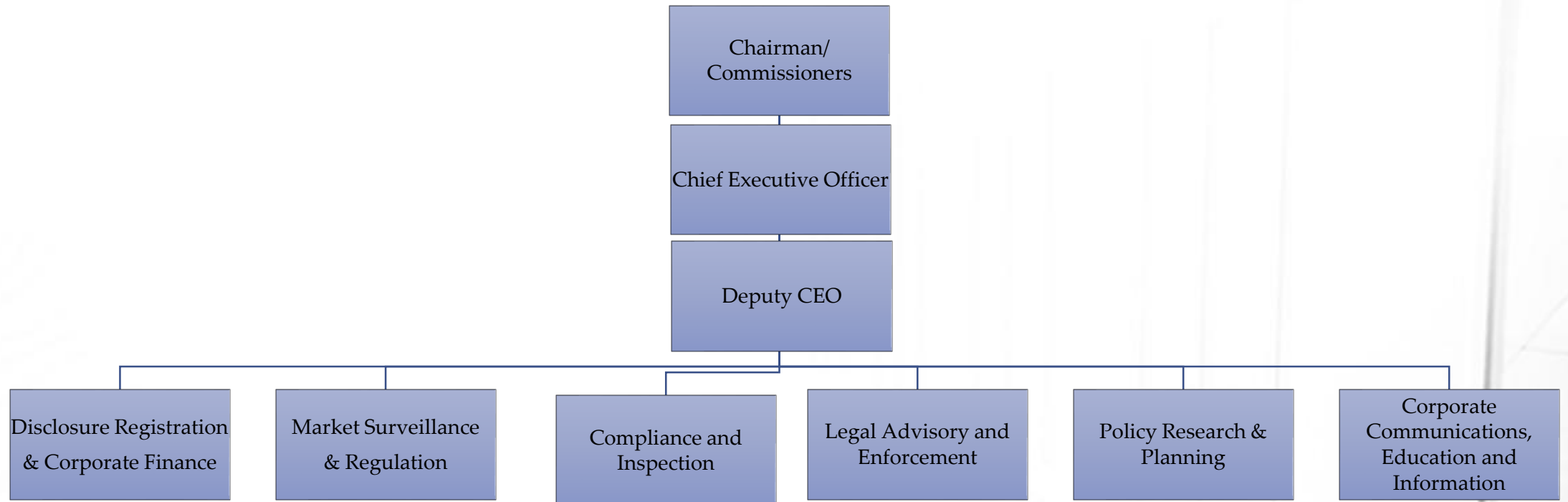


# Powers of the Commission

Section 7 empowers the Commission to inter alia:

- ❖ Formulate principles for the guidance of the securities industry.
- ❖ Register and regulate market actors in accordance with the Act.
- ❖ Monitor the solvency of registrants and take measures to protect the interest of investors where the solvency of any such person is in doubt.
- ❖ Review, approve and regulate takeovers, amalgamations and all forms of business combinations in accordance with the Act.
- ❖ Take enforcement action for contraventions of the Act.
- ❖ Do all things and take all actions, which may be necessary, expedient, incidental or conducive to the discharge of any of its functions and the exercise of its powers under the Act.

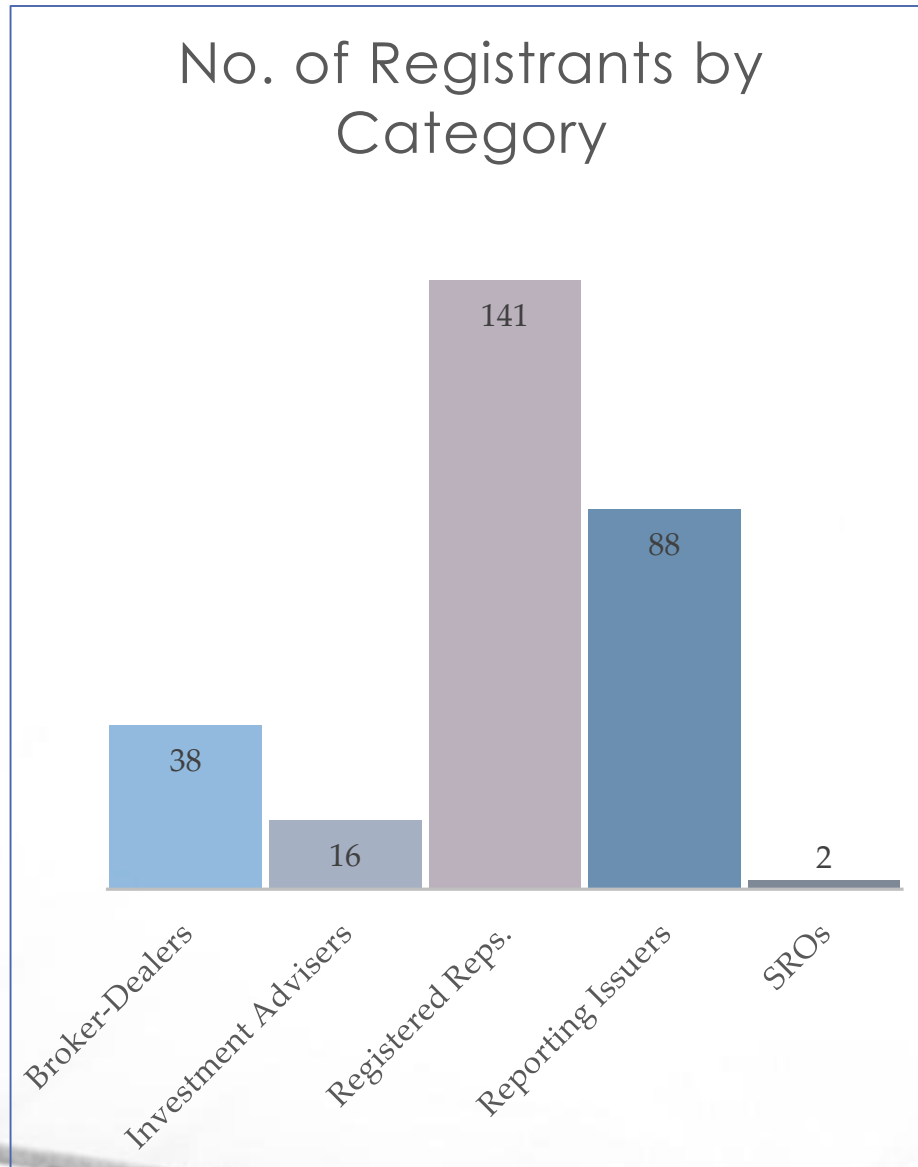
# INVESTOR PROTECTION FRAMEWORK





**DISCLOSURE REGISTRATION  
AND  
CORPORATE FINANCE (DR&CF)**

# Who do we Regulate?



- Registrants
  - Reporting Issuers
  - Market Intermediaries – Section 51(1) registrants
    - Brokers-Dealers
    - Investment Advisers
    - Underwriters
    - Registered Representatives
    - Sponsored BD and IAs
- SROs

# Key Areas of Focus

- We Register:
  - Securities
  - Issuers of Securities
  - Market Intermediaries
  - Self-Regulatory Organizations
- We track and monitor Disclosure
  - Initial Registration (fit & proper)
  - Continuous disclosure

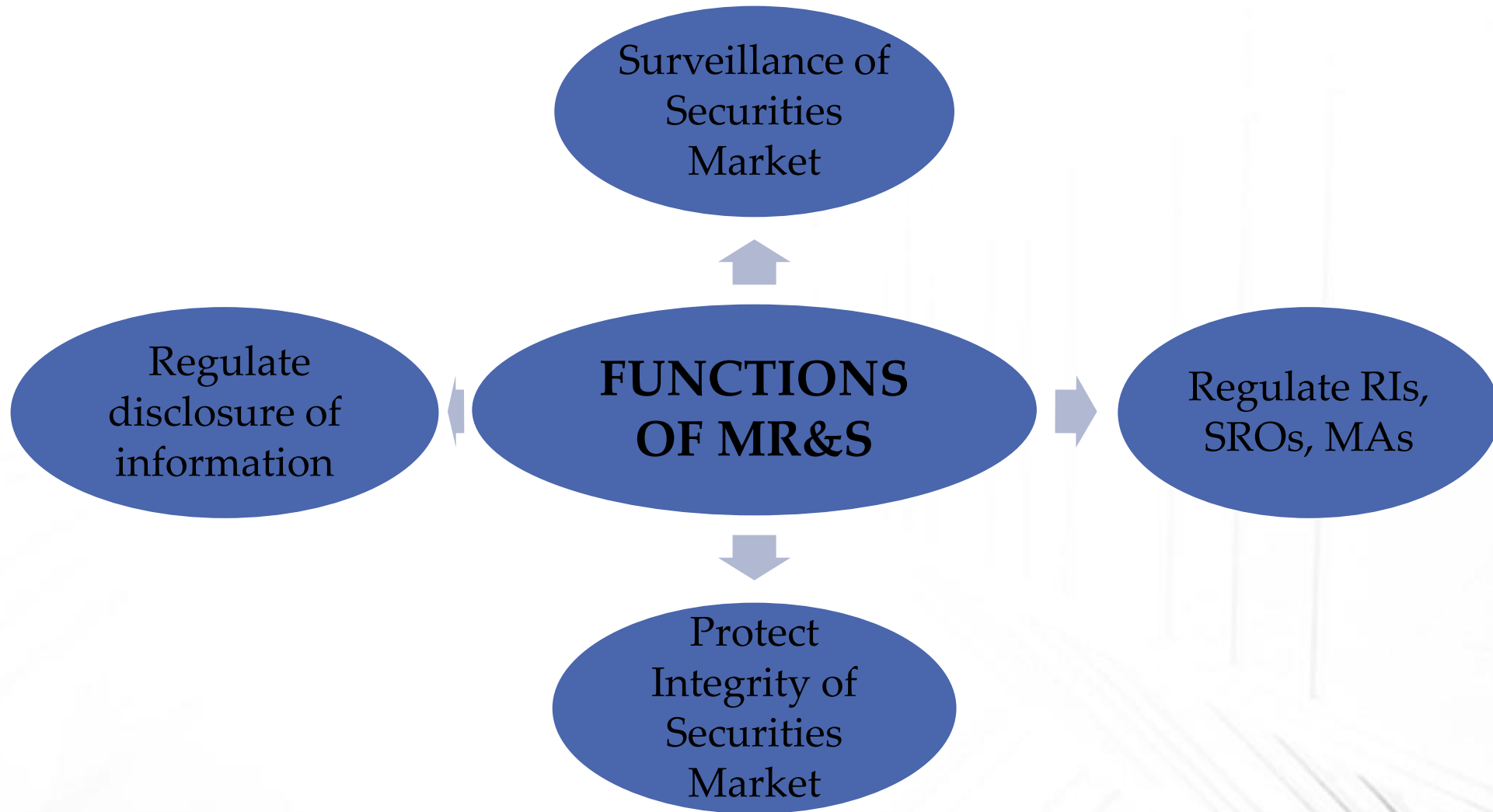


# Disclosure

- Full, true, and plain
- Relevant, Accurate and Timely.
- Normally in respect of issuer of securities and/or the security itself
- Disclosure Documents include
  - Prospectuses/Information Circulars
  - Financial Statements (interim and annual)
  - Annual Reports
  - Annual updates on registration
  - Material Change Notices

# MARKET REGULATION AND SURVEILLANCE (MR&S)





# ACTIVITIES OF MR&S

## Core Activities

- Trading Surveillance
- Market Surveillance
- Ensure adherence to continuous disclosure requirements
- Complaints Processing
- Conduct inquiries into unregistered persons/entities
- Conduct investigations
- Process de-listing applications
- Amendments to SROs rules

# ACTIVITIES OF MR&S

## Subsidiary Activities

- Co-operate with other financial regulators
- Participate in cross-divisional teams
- Recommend amendments to existing legislation/guidelines or SRO rules
- Assist with the Commission's public education efforts
- Take any other appropriate action to achieve the Commission's mandate.

# PRELIMINARY INQUIRIES

- Informal in nature
  - Conducted by Staff of MR&S
  - No power to compel testimony or documents
  - Relies on co-operation for information
- Events/Sources of Information that trigger Inquiries
    - Suspicious trading activity
    - Complaints from investors / members of the public
    - Announcements in print and other electronic media
    - Referrals – other regulators, SROs, other investigations

# FORMAL INVESTIGATIONS

- Investigations under S. 150
  - Instrument of Appointment (used by the Commission to appoint an Investigator) is a formal Order that delegates investigative authority to the investigator.
  - Allows for the examination of the affairs of a person.
  - Allows for making copies and removal from premises all docs relating to the investigation.
  - Allows for entrance into place of business during normal working hours
  - Usually not public – confidentiality is important.
  - Involves fact finding by the person or persons appointed by the Commission to investigate.

# FORMAL INVESTIGATIONS

- Power to Obtain Information and Documents under S.151
  - Investigator has the power to request information from any person for the purposes of performing or exercising its functions.
  - Permits the conduct of interviews under oath or affirmation.
  - Person providing information may be represented by counsel.
  - Witnesses are advised of their right to be protected against self-incrimination.
  - Usually not public – confidentiality is important
  - When the investigation is completed, the Investigator delivers a report to the Commission.



# COMPLAINTS

- Power is granted to the Commission under Sections 49 and 50 to investigate and adjudicate upon complaints.
- Generally there are two (2) types of complaints identified by S. 49 and S. 50 of SA 2012 those against an SRO and those between the members of an SRO

## PROCESS FLOW

MR&S  
Activities

Inquiries/  
Reviews/  
Investigations

Enforcement  
Action

# COMPLIANCE AND INSPECTION

The background of the slide is a blurred, high-angle photograph of a modern building's interior. It shows a staircase with a glass railing on the right side, leading down. The walls and ceiling are light-colored, and the overall atmosphere is bright and clean. The text 'COMPLIANCE AND INSPECTION' is overlaid in a bold, blue, sans-serif font in the upper left quadrant.

## The main responsibilities of the C & I division are as follows:

1. To conduct on-site inspection of registrants and self-regulatory organisations (SROs), whether routine, for cause or sweep inspections.
2. To issue compliance directions, directing registrants or SRO to take measures that are necessary to remedy any course of conduct that is contrary to the generally accepted standards of conduct or prudent operation and behaviour.
3. To refer matters for legal enforcement in instances where a person fails to adhere to compliance directions.

# Compliance Reviews

- Section 89 outlines the compliance review procedure:

89 (1) In the performance of the functions of the Commission under this Act, the chief executive officer or any duly authorised employee or agent of the Commission so authorised in writing by the chief executive officer shall be permitted to review the books, records or documents of a registrant or self-regulatory organisation for the purpose of

- (a) determining whether the provisions of this Act, the Proceeds of Crime Act any other written law in relation to the prevention of money laundering and combatting the financing of terrorism or any other written law that is administered or supervised by the Commission are being complied with; and
- (b) assessing any risk in respect of the registrant or self-regulatory organisation that could prejudice its financial viability or the interest of its clients, members, investors or the securities industry



# Compliance Reviews

89(2) A person conducting a compliance review under this section shall **on the production of his authorisation**, be permitted to-

- (a) enter the business premises of any registrant or self-regulatory organisation **during normal business hours upon providing reasonable written notice to such registrant or self-regulatory organisation;**
- (b) inquire into and **examine the books, records or documents** of the registrant or self-regulatory organisation that are required to be kept under section 87 and **make copies of, or take extracts from,** the books, records or documents; or
- (c) request any information or explanation as he considers necessary for the due performance of his duties.

# Compliance Reviews –Section 89 cont'd

Section 89-

(3) references to books, records, or documents in this section include all books of account, tangible or intangible securities or other instruments; cash or cash equivalents, vouchers, sales contracts, minutes of meetings, or other records, accounts or data.

(4) The Commission may charge a fee as prescribed for a compliance review conducted under this section.

(5) A statement made by a person in compliance with a requirement imposed by virtue of this section shall not be used in evidence against him in criminal proceedings.

# Types of Inspections, reviews and examinations

## Cause

A cause exam may be triggered by an individual reporting a past, current or imminent securities law violation, or by the TTSEC's own routine or sweep exam which determines that there is cause for concern about compliance with the securities laws at an endemic level.

## SWEEP

Sweep exams are used to review a compliance issue that the TTSEC considers a risk across multiple registrants. For example, the TTSEC may have identified recurring areas of non-compliance or unaddressed deficiencies based on routine or risk-based exams or its own internal risk assessment process.

## Routine

- Routine exams are those exams that are done on a random basis and any market actor may be subject to one. It is the “get to know you” exam. It does not mean that the TTSEC has a suspicion about the market actor or that the market actor has done something to peak the interest of the TTSEC.



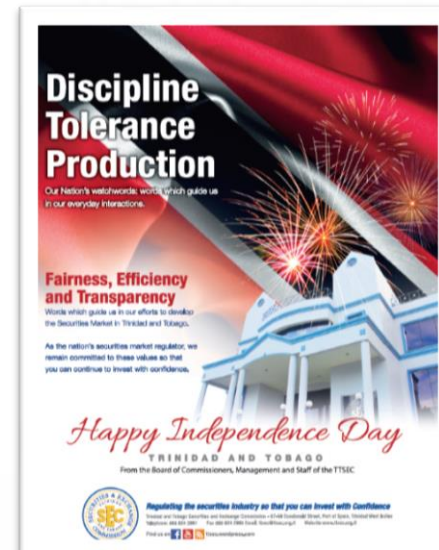
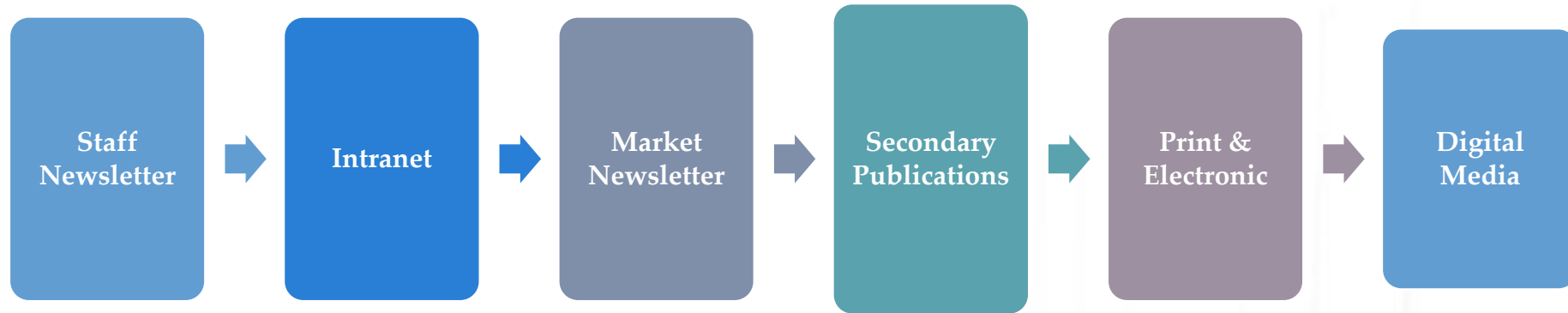


**THE CORPORATE  
COMMUNICATIONS EDUCATION  
AND INFORMATION (CCEI)  
DIVISION**

# *Communication Plan*

- Strengthen the corporate identity
- Focus on Investor education
- Utilize traditional and new media to reach target audiences
- Encourage persons to see themselves as investors
- Encourage the growth of the market
- Warn of scams
- Evaluate

# Communications





*You Invest. We protect. Everyone Benefits!*



The TTSEC is governed by the Securities Act 2012 which provides protection to investors through:



- The registration and regulation of market actors
- The regulation and supervision of timely and accurate disclosure of information to the industry and the general public
- The conduct of inspections, reviews and examinations of participants in the securities industry

**Find Registered Individuals and Companies**

--Select--

**Latest News and Announcements**

All   Legal Framework   Media Releases   Investor Resources   Publications

# *Official Communication Publications*

- Orders, Decisions and Notices
- Annual Registrant Listing
- Investor Warnings/ Alerts
- Information on emerging issues
- Speaking notes/speeches
- Media releases/advisories



# *Public Education Initiatives*

- Investor Education Outreach Sessions
- Investor Education Website
- Digital Media Platforms: Facebook, YouTube, Blog, Mobile Application
- Webinars
- Brochures
- Articles/ IE Messages: Secondary Publications
- Radio/ TV/ Print Campaigns
- Competitions



**POLICY, RESEARCH  
And  
PLANNING DIVISION  
(PR &P)**

# Roles and Functions

## Research

- ❑ Conduct research on securities regulation – international best practice;
- ❑ Keep abreast of developments and innovations in the local and international capital market, collect data and information; create a clearing house to analyse and product related reports.
- ❑ Production of the Monthly Market Activity Report: This reports on the performance of the local equity and bond markets as well as the local Collective Investment Scheme Industry.
- ❑ The division acts as an intermediary in the provision of data requests for both internal and external sources, e.g. MoFE and CBTT



# Roles and Functions (Continued)

## Policy

- ❑ Assists in the formulation of policies and guidelines.
  - Provides guidance on international policy that will impact the local securities industry (feedback to the International Organization of Securities Regulators (IOSCO) and the Council of Securities Regulators of the Americas (COSRA) on policy documents)
  - Guidelines S146 - 147
  - By-laws S148

## Planning

- ❑ Help with the planning function with respect to projects.

# Roles and Functions (Continued)

## Library

- ❑ The Library is a “Special Library”, designed for in-house use and represents articles on capital markets and institutions.
- ❑ Provides daily local and international excerpts of securities and regulatory related articles and trending information.
- ❑ An extensive collection legal documents (Caribbean, US, UK and other international securities legislation).
- ❑ Financial and economic magazines and journal subscriptions.
- ❑ General information electronic and physical information on regulatory matters, capital market developments and other relevant issues;

## Other Responsibilities

- ❑ Preparation of the Annual Report (SA 2012 – S30)
- ❑ Tracks and monitors product & regulatory developments in the securities markets.
- ❑ Manages the Collective Investment Scheme Monitor.



# The Legal, Advisory & Enforcement



# Role and Responsibilities of LA&E

- Review and advise on the sufficiency of the legal documents submitted to the Commission pursuant to applications for the registration of securities e.g. bonds
- Prepare legal opinions in relation to whether any document evidencing ownership or interest in any financial venture amounts to a security as defined in the Securities Act, 2012 (“the SA”).
- Interpretation and advice on the application of the securities laws
- Investigation, enforcement and appearances before courts & administrative hearing panels
- Reviewing and proposing amendments to securities laws
- Draft and/or review contracts on behalf of the Commission
- Liaising with external counsel and collaborating with other financial services regulators
- Generally to perform duties of a legal nature on behalf of the staff of the Commission in pursuance of the intent and objectives of the SA.
- Conducting internal and external legal awareness seminars

# Enforcement function of LA&E

Enforcement proceedings may be initiated for one of the following reasons:

- Failure to meet the disclosure obligations or failure to disclose on time
- Issuing false or misleading information to the public
- Trading in unregistered securities
- Fraudulent schemes
- Market manipulation
- Insider trading
- Breaches of its compliance obligations
- Breach of an Order of the Commission

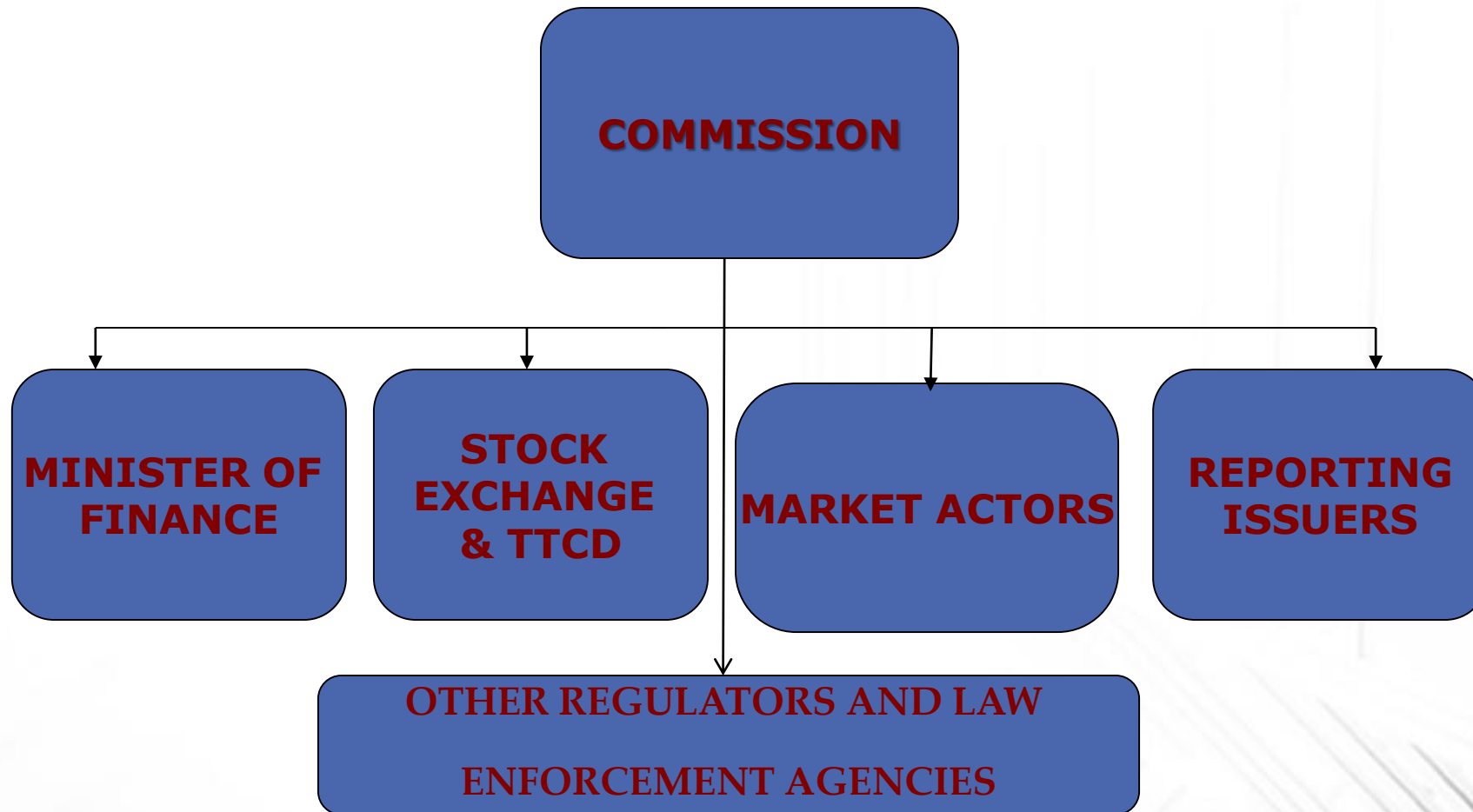


# ENFORCEMENT CONT'D

- As part of its supervisory functions, the Commission can conduct investigations and compliance examinations of its registrants/SROs.
- Hold hearings to determine whether a contravention of the Act has occurred.
- Impose administrative fines of up to \$500,000.00 instead of initiating criminal proceedings against entities that have breached the Act. (section 156 and 156A.)



# Legal Advisory & Enforcement External Relationships



# Internal Relationships

**LA&E interacts with all departments in a pleasant, courteous and efficient manner.**





# THANK YOU

## QUESTIONS/COMMENTS

### TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

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Corporate Website:

[www.ttsec.org.tt](http://www.ttsec.org.tt)

Investor Education Website:

[www.investucate.tt](http://www.investucate.tt)



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