



TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

In The Matter of the Exemption of Non-Reporting Issuers from the Registration Requirements of Sections 61 (1) and 62 (1) of the Securities Act, 2012

**In The Matter of
Securities Act, 2012**

ORDER OF THE COMMISSION

Dated this 14th day of April, 2014

WHEREAS by Board Paper No. 14 of 2014, the Trinidad and Tobago Securities and Exchange Commission's (the "**Commission**") Board of Commissioners (the "**Commissioners**") at its meeting of March 27, 2014 considered the case for the exemption of non-reporting issuers from the registration requirements of *Section 61(1)* and *Section 62(1)* of the *Securities Act, 2012* (the "**SA 2012**") pursuant to the implementation of employee share ownership plans operated by non-reporting issuers.

AND WHEREAS the Commission's Staff informed that it is in receipt of several applications for exemptions of this nature, it has been represented to the Commission that:

1. As part of their compensation packages, many entities operate employee stock compensation plans ("ESOPs") which facilitate equity ownership in the entities by eligible employees. These ESOPs are usually awarded to employees for the

purposes of recruitment, retention, recognition and award to facilitate equity ownership in the entity.

2. The majority of entities offering ESOPs in Trinidad and Tobago (“*TT*”) are multinational corporations having branches in TT with employees of various nationalities including that of TT. These entities are normally incorporated in their home jurisdictions and thus are subject to the provisions of the relevant jurisdictions’ companies and securities legislation and regulations. Further, they are also normally listed on their home jurisdictions stock exchange/s as well as on other jurisdictions’ stock exchanges.
3. The securities attached to the ESOPs shall not be publicly distributed in Trinidad and Tobago, the entities do not intend to distribute their securities to the general public in Trinidad and Tobago, only to their employees pursuant to the relevant ESOP.
4. The entities shall be required to ensure that the rules of the ESOPs restrict participants from selling, transferring, assigning, pledging, charging, or otherwise disposing of the securities except:-
 - (a) the transmission of the securities upon the death of the participant to his personal representatives, or
 - (b) the assignment of the securities with the prior consent of the Directors of entity, subject to any terms and conditions the Directors may impose.

Transfer or sales of the securities must take place over the relevant home jurisdiction stock exchange or other relevant stock exchanges outside of TT.

5. The entities shall be required to provide copies of documents that they provide to their investors or employees in other jurisdictions to those employees in Trinidad and Tobago and to the Commission. Further, that by virtue of their employment

with the said entities, the participants in the ESOPs are privy to the affairs of the entities.

AND WHEREAS any such entity has submitted an application to the Commission for an exemption from:-

- (a) the requirement to register its securities pursuant to the offerings in respect of the relevant ESOPs; and
- (b) the requirement to register itself as reporting issuer pursuant to the offering in respect of the said ESOPs.

AND WHEREAS the Commission has considered the facts and law relating to the registration of such entities and the type of securities offered pursuant to ESOPs;

AND WHEREAS the Commission is satisfied that such entities offering ESOPs shall be made to comply with all the conditions and are thus eligible for an exemption from:

- (a) registration as a reporting issuer pursuant to the provisions of *Section 61(1)* of the *SA 2012*; and
- (b) registration of the securities under the ESOPs pursuant to the provisions of *Section 62(1)* of *SA 2012*.

AND WHEREAS the Commission is satisfied that the conditions to waive registration in Trinidad and Tobago as a Reporting Issuer for Multinational Corporations that are registered in a foreign jurisdiction have been satisfied in respect of the offer of the ESOPs.

AND WHEREAS the Commission is satisfied that the granting of an order by virtue of *Section 155(1) (i)* and *157 (2)* of the *SA 2012* under the terms herein shall not be prejudicial to the public interest and does not adversely affect the rights or interests of any person.

IT IS HEREBY ORDERED AS FOLLOWS THAT -

1. Securities issued by entities, which entities are not reporting issuers, pursuant to Employee Stock Compensation Plans are exempt from the registration requirements of Section 62 (1) of the SA 2012.
2. Entities which are not reporting issuers and are offering Employee Stock Compensation Plans are exempt from the registration requirements of Section 61 (1) of the SA 2012.

By Order of the Commission:



Patrick K Watson
Chairman



Nalinee Khemraj
Commissioner



Marsha K. King
Commissioner



Horace Mahara
Commissioner



Ravi Rajcoomar
Commissioner