



**TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION**

**In the Matter of the Securities Act 2012, the Home Mortgage Bank Act 1985  
and the Securities Industry (Take Over) By-Laws 2005**

**And**

**In the Matter of an Allegation that the National Insurance Board of Trinidad  
and Tobago contravened the Securities Industry (Take-Over) By-Laws 2005**

**ORDER OF THE COMMISSION**

**Dated this 25<sup>th</sup> day of June, 2015**

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**WHEREAS:**

1. The Home Mortgage Bank was established by the Home Mortgage Bank Act 1985 and is registered as a Reporting Issuer with the Trinidad and Tobago Securities and Exchange Commission ("the Commission") effective July 14, 1997 with respect to debt securities only;
2. The Home Mortgage Bank is also registered as a Broker-Dealer effective October 17, 2013 and is authorized to conduct business as a Dealer, Investment Adviser and Underwriter;
3. Section 26 of the Home Mortgage Bank Act 1985 provides for the Home Mortgage Bank to issue one class of ordinary shares ("the said shares");

4. Section 27 of the Home Mortgage Bank Act 1985 provides that there are no restrictions on ownership and transfer of the said shares;
5. Section 28 (2) of the Home Mortgage Bank Act 1985 empowers the Board of Directors of the Home Mortgage Bank to dispose of the said shares to any person on such terms and conditions as the Directors see fit;
6. The National Insurance Board of Trinidad and Tobago acquired 7,000,000 of the said shares from Stone Street Capital Limited on November 18, 2008 bringing its ownership of the said shares to 51% on that date;
7. The National Insurance Board of Trinidad and Tobago acquired further portions of the said shares by purchases from the Central Bank of Trinidad and Tobago, Republic Bank Limited, Scotiabank Trinidad and Tobago Limited and TATIL Life Insurance Company Limited respectively in 2014 ("the 2014 Share Transactions"), bringing its ownership of the said shares to 99.375 % by December 5, 2014.
8. The National Insurance Board of Trinidad and Tobago submitted an application for exemption from the Securities Industry Take-Over By-Laws 2005 ("the Take-Over By-Laws") on October 21, 2014 in the event that the Commission formed the view that the 2014 Share Transactions contravened the Take-Over By-Laws.
9. The Home Mortgage Bank complied with the requirements of Section 64 (1) of the Securities Act 2012 ("the Act") by publishing press releases of the various acquisitions of the said shares by the National Insurance Board of Trinidad and Tobago on November 20, 2008, August 21, 2014, November 10, 2014 and December 11, 2014 respectively.

**AND UPON:**

10. The Board of Commissioners considering the Board Paper No. 24 of 2015 together with an Addendum on May 13, 2015 and deciding that the National Insurance Board of Trinidad and Tobago did not qualify for an exemption from the Take-Over By-Laws, not having satisfied the prescribed requirements for exemption;

11. The Board of Commissioners forming the view that the National Insurance Board had contravened the Take-Over By-Laws by the 2014 Share Transactions;

12. The Board of Commissioners also considering the following factors:

- That at the time of the 2014 Share Transactions by the National Insurance Board of Trinidad and Tobago the said shares were owned by fewer than fifty shareholders;
- That the transactions were private transactions;
- That there was no published market for the said shares;
- That under Sections 26, 27 and 28 of the Home Mortgage Bank Act 1985 there were no limitations on transferability of the said shares and that the Directors of the Home Mortgage Bank were empowered to dispose of the said shares to any person and on terms and conditions at their discretion;
- That the offerrees of the said shares were all institutional and accredited investors who did not need the protection of the Act and its By-Laws;
- That in other jurisdictions these transactions would have been exempt from the Act and the Take-Over By-Laws; and
- That the Home Mortgage Bank disclosed the material change in its ownership in accordance with Section 64 (1) of the Act.

13. The Board of Commissioners concluding that it would not be in the public interest to impose a fine or commence any action against the National Insurance Board because no investors were harmed by its acquisitions of the said shares;

14. The Board of Commissioners being satisfied that the making of this Order will not adversely affect the rights of any person;

15. The Board of Commissioners determining that the making of this Order is essentially procedural in accordance with Section 159 (10) and does not require a hearing pursuant to Section 159 (1).

16. The Board of Commissioners being satisfied that it is empowered to make this Order under Section 155 (1) (g) of the Act which provides that where the Commission on its own motion considers it is in the public interest it may order that any person be reprimanded.

**IT IS HERBY ORDERED THAT:**

- I. The Commission is directed to issue a letter of reprimand to the National Insurance Board of Trinidad and Tobago for its contravention of the Securities Industry (Take-Over) By-Laws 2005;
- II. The National Insurance Board do issue a press release, of the details of the 2014 Share Transactions approved by the Commission, in two daily newspapers in general circulation by on or before September 30, 2015;
- III. This matter is to be closed when the letter of reprimand has been sent and the approved press release has been issued by the National Insurance Board;
- IV. This Order shall be published in the Gazette, in two daily newspapers in circulation in Trinidad and Tobago and on the Commission's website;
- V. This Order shall take effect from May 13, 2015.

**BY ORDER OF THE COMMISSION.**