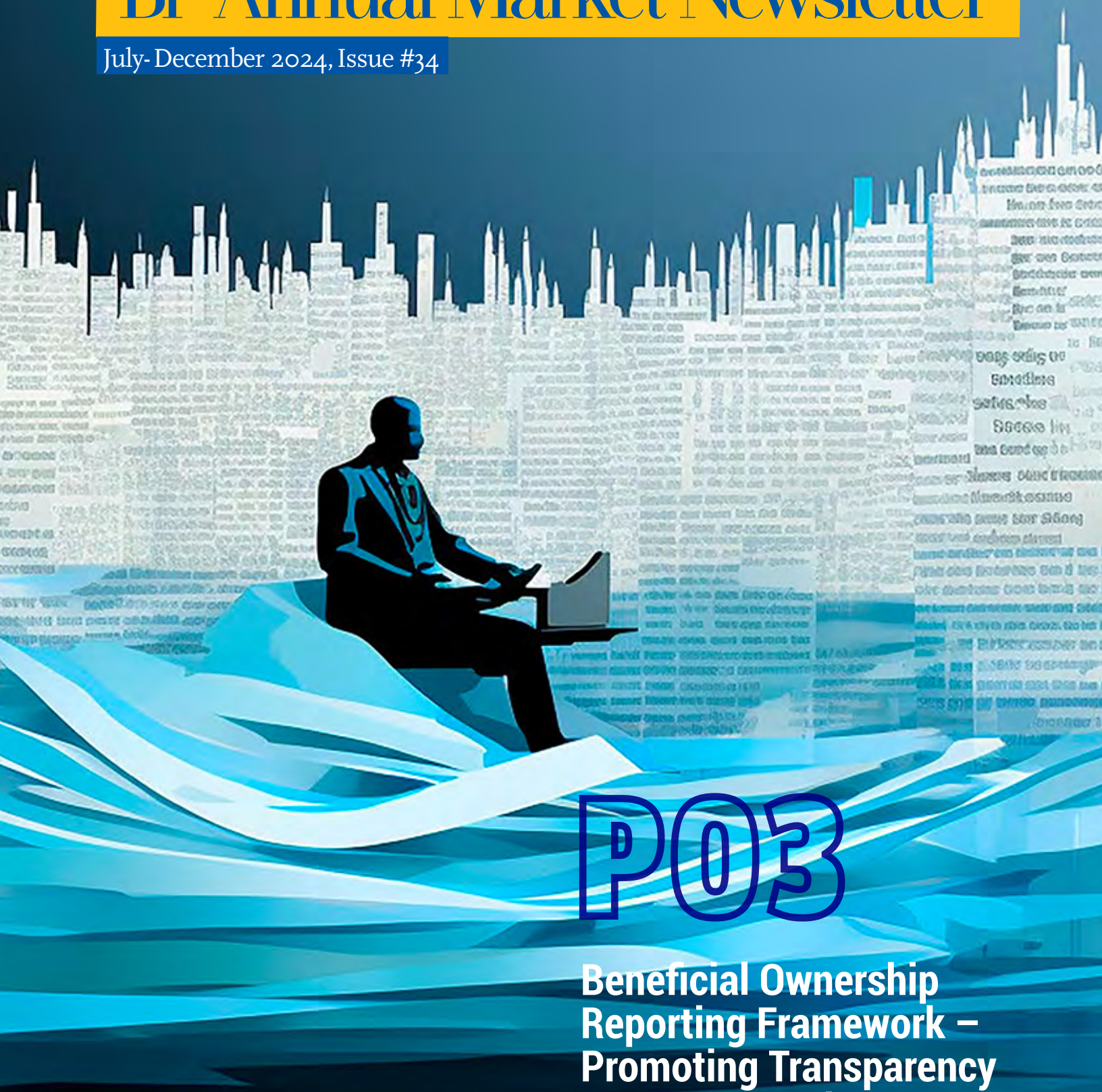




Bi-Annual Market Newsletter

July-December 2024, Issue #34



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**Beneficial Ownership
Reporting Framework –
Promoting Transparency
Among Reporting
Entities**

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Credits

The TTSEC Market Newsletter is a bi-annual publication of the Trinidad and Tobago Securities and Exchange Commission.

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MESSAGE FROM CHIEF EXECUTIVE OFFICER

As 2024 comes to a close, it is an ideal opportunity to reflect on a year of progress, collaboration, and commitment to fostering a vibrant and resilient capital market.

Guided by our value statement, we have worked diligently to:

- Protect investors from unfair practices, fraud, and inequitable treatment.
- Ensure companies provide accurate and complete information to all investors.
- Provide educational support to empower investors to make informed decisions.
- Investigate and work with authorities to address violations of the Securities Act, Chapter 83:02, and deter misconduct in the market.

This year underscored the importance of engagement in driving the growth and development of the capital market. And this was exemplified at our signal Stakeholder Engagement Forum in June 2024, which led to the establishment of the Capital Market Development Working Group. This collaborative body, comprising key principals from the Central Bank of Trinidad and Tobago, the Trinidad and Tobago Stock Exchange, and market participants will spearhead strategic initiatives to advance the market.

Our commitment to inclusive engagement extends to our partnerships with key stakeholders on investor education and awareness; ongoing consultations on regulatory

adjustments such as Draft Risk-Based Capital and Liquidity Requirements Bye-Laws 2024 and beneficial ownership requirements matters that are critical to enhancing regulatory oversight and market stability. Additionally, we are seeking public input on proposed amendments to the Fee Schedules, aimed at enabling phased adjustments to fees over seven years. These revisions are designed to ensure the TTSEC can sustainably meet its mandate while maintaining fairness and balance for registrants.

In balancing our obligations to the market, the public, and retail investors in particular, we launched a new initiative to engage communities directly on issues related to investor protection. This was achieved through a unique collaboration with financial sector stakeholders, local government bodies, and NGOs. The first roadshow in this series was held in Chaguanas in November 2024, with additional rollouts planned for the new year.

We also capped off the year, with the completion of our national study which amongst other things established a baseline Investment Knowledge Score for Trinidad and Tobago. This score is 48 out of 100 - and is likely to become a point of reference for Caribbean financial sector regulators.

We are deeply grateful for the collaboration and support of all our stakeholders throughout 2024. Together, we can achieve greater strides in 2025 by fostering robust dialogue, advancing shared goals, and building a thriving capital market.

Wishing you a blessed and joyous Christmas and best wishes for the New Year!

A handwritten signature in black ink that reads "Kester Guy". The signature is fluid and cursive, with the first letters of "K" and "G" being prominent.

Kester Guy
Chief Executive Officer

Beneficial Ownership Reporting Framework –

Promoting Transparency Among Reporting Entities

In the last issue of our Bi-Annual Market Newsletter, we focused on some issues in relation to beneficial ownership, its standards, implications and recent measures implemented by the TTSEC to enhance beneficial ownership transparency in the securities sector. This article provides an update on issues related to beneficial ownership.

Between September 9 and 13, 2024, a team of experts from the EU Global Facility on Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) provided technical assistance and training on Beneficial Ownership in Trinidad and Tobago. The TTSEC attended technical sessions along with the Registrar General's Department, Office of the Attorney General and Ministry of Legal Affairs, the Central Bank of Trinidad and Tobago ("CBTT") and the Financial Intelligence Unit of Trinidad and Tobago ("FIUTT"). A series of training and sensitisation workshops were also held with financial institutions, professional advisors, the general public and other key stakeholders.

On October 14, 2024, the Miscellaneous Provisions (Trustees, Exchequer and Audit Act, the Minister of Finance (Incorporation) Act, Proceeds of Crime, Income Tax, Companies, Partnerships, Securities, Tax Information Exchange Agreements, the Non-Profit Organisations and Mutual Administrative Assistance in Tax Matters) Act, 2024 ("Act No. 1 of 2024") were proclaimed by the President of the Republic of Trinidad and Tobago. The

Miscellaneous Provisions Act, will result in an amendment of the Securities Act, Chapter 83:02 of the Laws of the Republic of Trinidad and Tobago ("Securities Act"), inter alia, revising the definitions of 'beneficial owner' and 'beneficial ownership' and creating definitions for 'beneficial ownership information' and 'reporting entity'.

The following terms are defined:

"Beneficial Owner means any natural person who ultimately owns or controls a legal entity or the natural person on whose behalf a transaction is being conducted and includes the natural person who exercises ultimate effective control over a legal person or arrangement and in respect of a reporting entity means –

- (a) any natural person who **owns or controls** through direct or indirect ownership or through other means at least ten percent of the voting rights, voting shares, or capital of the reporting entity; and
- (b) any natural person who **exercises control** over the reporting entity alone or together with others through any contract, understanding, relationship, intermediary or tiered entity; or
- (c) any natural person who **ultimately owns or controls or exercises ultimate effective control** over the reporting entity indirectly or through other means;
- (d) if no person is identified under paragraphs (a), (b) and (c) above, the natural person who holds the position of senior managing official;

- (e) any person identified as the beneficial owner of a trust or other form of legal arrangement in accordance with Section 10A of the Trustees Ordinance."

"Beneficial Ownership in relation to a security, means entitlement to the benefits of ownership of the security, and includes direct or indirect ownership, ownership through a trustee, whether a domestic or foreign trust, legal representative, agent or other intermediary, and a person will be deemed to have beneficial ownership of a security, including an unissued security, if the person is the beneficial owner of a security convertible into the underlying security, or an option or right to purchase the underlying security or securities convertible into the underlying security –

- (a) under all circumstances; or
- (b) by reason of the occurrence of an event that has occurred and is continuing."

"Beneficial Ownership Information means the identification documents or information on the beneficial owner of reporting entity as required under this Act."

"Reporting Entity means an entity whose securities are listed on any securities exchange registered or required to be registered under Part III of this Act."

On October 15, 2024, the CBTT, the FIUTT and the TTSEC, hosted a virtual **Joint Regulatory Outreach Session**, to inform their supervised entities of these major changes.

The amended provisions require that reporting entities provide the TTSEC with beneficial ownership information on beneficial owners as defined. Act No. 1 of 2024 amends Section 136A of the Securities Act, and requires every reporting entity to (Refer to **Figure 1**):

Figure 1: Beneficial Ownership Reporting Requirements of Reporting Entities



Ascertain, obtain and verify beneficial ownership information pertaining to its beneficial owners.



Maintain an accurate and up-to-date register of beneficial owners.



Submit beneficial ownership to the TTSEC annually, within twenty-one (21) days of the end of the financial year of the reporting entity in a manner and form approved by the TTSEC.



Notify the TTSEC in writing, of any changes in the submitted beneficial owners as they arise within thirty (30) days after such change occurred.

On November 5, 2024, the TTSEC held meetings with reporting entities and brokerages to provide an opportunity for these impacted Registrants to seek clarification on the recent legislative developments regarding regulatory requirements and TTSEC's next steps.

Reporting entities are asked to be aware of the main sections of the Securities Act which relate to beneficial owner in Act No. 1 of 2024 (Refer to *Figure 2*):

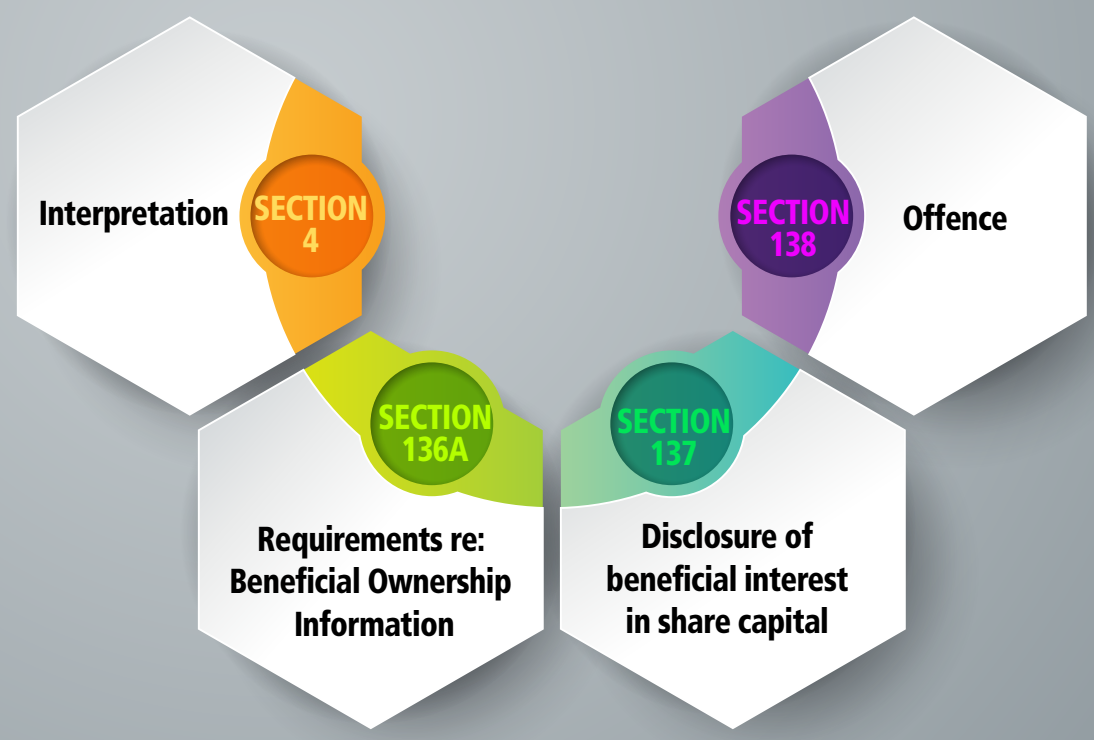


Figure 2: Beneficial Ownership Provisions

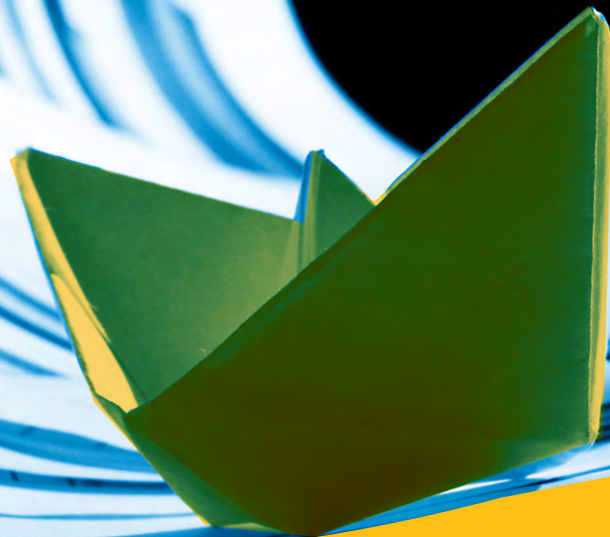
The TTSEC recently published on its website, further market guidance via Frequently Asked Questions (FAQs). A Circular Letter was issued on November 26, 2024, and can be accessed via the url: <https://www.ttsec.org.tt/circular-letter-beneficial-ownership-reporting-entities/>.

The TTSEC remains committed to its mandate as a supervisory authority, to protect the stability of the securities market. The recent amendments to the

Securities Act outlined above will aid in strengthening the beneficial ownership framework to combat crimes associated with money laundering and terrorism financing.

For further information in relation to beneficial ownership, please visit our website <https://www.ttsec.org.tt/aml-cft/beneficial-ownership/> and/or contact the TTSEC at boreporting@ttsec.org.tt.

Navigating Disclosure Obligations: Ensuring Transparency in Reporting



Transparency is the cornerstone of a robust securities market, fostering trust among investors and supporting market integrity. For Registrants, meeting disclosure obligations is not just a regulatory requirement but a critical component of market transparency. This article provides practical insights to help Registrants stay compliant with disclosure obligations and avoid common pitfalls.

Understanding Disclosure Requirements

Disclosure requirements are designed to provide stakeholders with accurate, timely and relevant information about the financial health, operational performance, and governance in respect of Registrants and in turn their investments. These requirements include but are not limited to:

- 1. Annual Reports, Audited Financial Statements, and Interim Financial Statements:** These provide information on the financial performance and condition of a company. Registrants are encouraged to ensure timely submission and dissemination (where applicable) of these disclosure documents in compliance with regulatory deadlines.
- 2. Material Change Reporting:** Disclosing events or developments that could significantly impact Registrants' business operations or financial standing.

Why Compliance with Disclosure Obligations Matters?

Information in disclosure filings are used by investors to make investment decisions. These decisions include determining whether to buy, sell, or hold a security. Without this information, securities markets cannot function effectively or efficiently.

Non-compliance with disclosure obligations can result in penalties, reputational harm, and loss of investor confidence. Moreover, inadequate disclosures can lead to inefficiencies in capital allocation and undermine trust in the market.

Common Pitfalls to Avoid

- 1. Late Submissions:** Be mindful of the timeframes for submission and ensure compliance with same. In circumstances where Registrants are unable to meet a filing deadline, they are obligated under

the Securities Act Chapter 83:02 to file a duly completed Form 6 to formally notify the TTSEC of this delay. It is important to note that the filing of the Form 6 does not preclude the TTSEC from taking any enforcement action for the late filing.

- 2. Inadequate Detail:** Failing to provide sufficient information in disclosures may result in delays in processing submissions pending the resolution of any queries that may arise. Another consequence of inadequate detail may be enforcement action.

Good Practices to Observe for Meeting Disclosure Obligations

To ensure compliance and foster transparency:

- **Establish Internal Controls:** Implement processes for timely identification and reporting of material changes and other regulatory filings.
- **Maintain a Disclosure Calendar:** Track all reporting deadlines to avoid late submissions.
- **Engage Stakeholders:** Work closely with the relevant stakeholders in your organisation (for example legal, finance, accounting and compliance teams) to ensure disclosures are comprehensive.

Conclusion

Disclosure is not just about meeting regulatory obligations; it is a key driver of trust and credibility in the market. By adopting proactive compliance practices that promote full, true and plain disclosure, Registrants can contribute to a transparent and well-functioning securities market.



TTSEC ESTABLISHES BASELINE INVESTMENT KNOWLEDGE SCORE FOR TRINIDAD AND TOBAGO

The TTSEC conducted a national study over the period May to June, 2024, to, amongst other things, determine Trinidad and Tobago's Investment Knowledge Score (IKS). This was the first time such a study was undertaken by the TTSEC, since the two (2) prior studies carried out in 2009 and 2015-2016, focused primarily on brand awareness and perception. The study was conducted by Market Facts & Opinions (2000) Limited and the Final Report submitted in July 2024, showed that this country had an IKS score of 48 out of 100. The overall outcome of the research is significant and will aid in the continued development of our investor education programme.

From our initial engagement with financial sector regulators in the region, there does not appear to exist a baseline IKS score for the Caribbean region for which Trinidad and Tobago can be benchmarked against.

However, an International Survey of Adult Financial Literacy conducted by the Organisation for Economic Co-operation and Development (OECD) in collaboration with its International Network on Financial Education (INFE), in 2023, found the average IKS score across participating countries ranged between 50 and 70. The OECD comprises 38 member countries spanning from North America and South America to Europe and Asia-Pacific.

The main recommendations contained in the TTSEC national study are consistent with and in alignment with the existing investor education and brand awareness strategies of the organisation.

the recommendations are consistent with and in alignment with the existing investor education and brand awareness strategies of the TTSEC



Among the Key Findings

Trinidad and Tobago's IKS is 48 out of 100. This score is derived from an Investment Knowledge Index created using eight (8) financial and investment principles namely simple interest, compound interest, mutual funds, stocks, bonds, diversification, investment risk, and fraud warning signs.

Respondents are most familiar with the concept of diversification, with 70% answering correctly. This familiarity is likely due to the popular local saying "don't put all your eggs in one basket," indicating an understanding of spreading funds to minimize risk.

The study identified three (3) main investor types: Aggressive investors (20%), Passive investors (36%), and Conservative investors (26%). Non-investors comprised 19% of the sample. Aggressive and Passive investors exhibit the highest knowledge of investments, indicating a relationship between investment activity and financial literacy.

Usage of investment products is far lower than awareness, with two-thirds being aware of crypto assets, local stocks,

and bonds. This discrepancy highlights interesting patterns in financial awareness versus adoption. Mutual funds have the highest usage among respondents, but still only at 18%. Both passive and aggressive investors are more likely to invest in mutual funds, reflecting their higher investment activity levels.

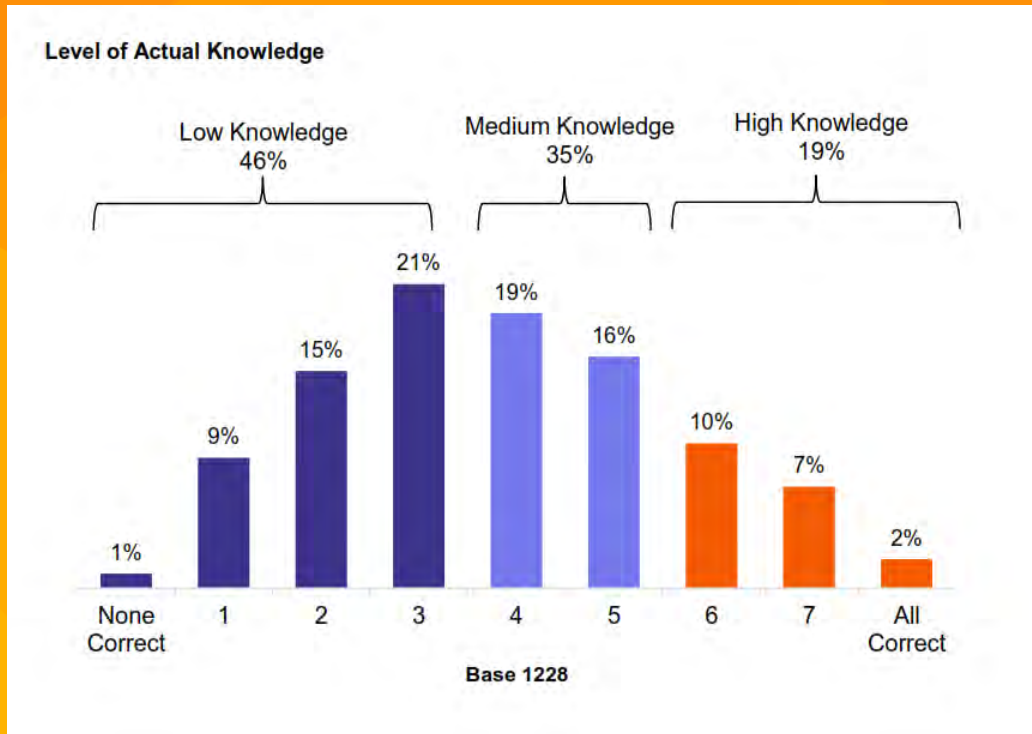
The study also found that two thirds of respondents were aware of broker fees on investment transactions.

Individuals with high investment knowledge are typically between the ages of 25-34 and 55 - 64 and are often the primary decision-makers in their households. Those with medium investment knowledge tend to fall into the 35-44 age bracket. Conversely, older adults (65+) and females are more likely to exhibit low investment knowledge.

A high percentage of respondents (37%) have been victims of investment fraud/scams while most fraud incidents go unreported, with 85% of respondents not reporting their most recent encounter with investment fraud or scams.

Survey Findings

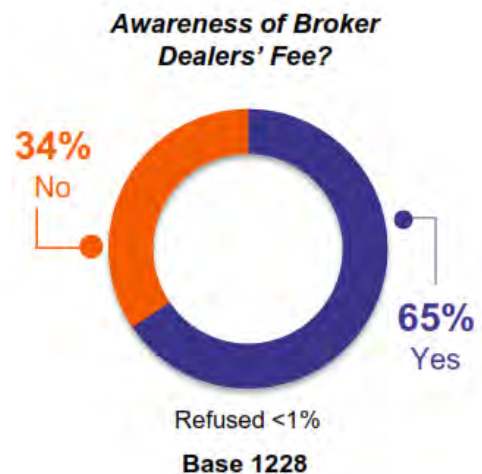
Are Respondents Knowledgeable?



How much do Investors Know?

Two thirds of respondents are aware that broker dealers charge a fee/commission on investment transactions.

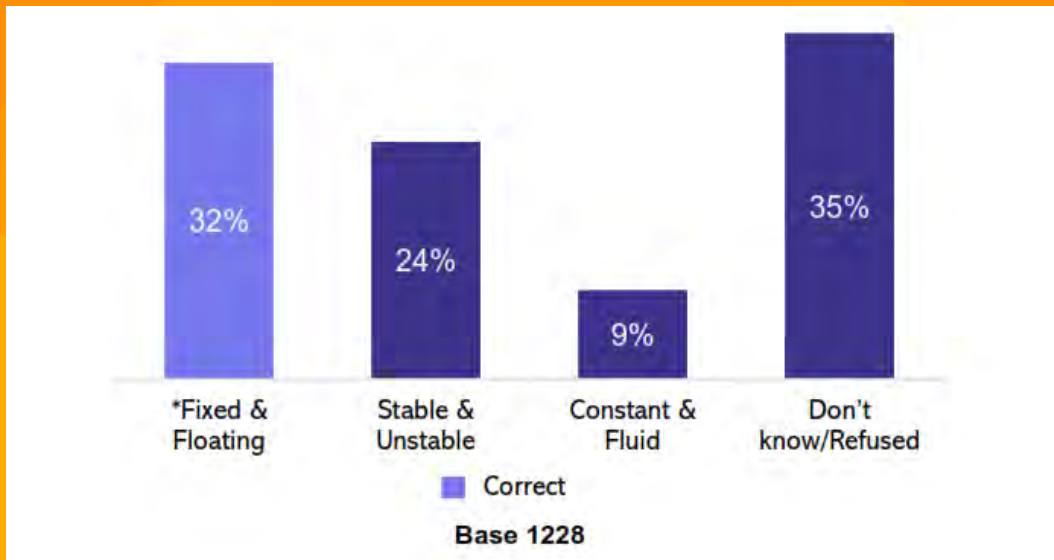
More than half of respondents are aware that such fees exist regardless of their risk appetite or investment knowledge.



Survey Findings

Mutual Funds

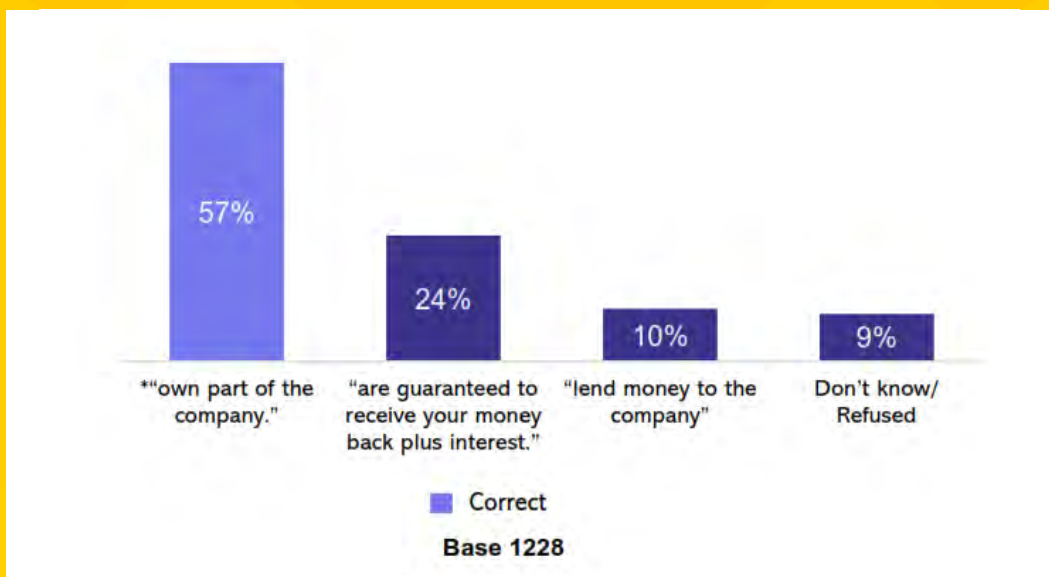
What are the two main types of Mutual Funds in Trinidad and Tobago?



Just about a third of respondents selected the correct answer 'Fixed & Floating' (32%). Respondents selecting incorrect answers may lack exposure to the specific terminology used in financial markets or mutual fund classifications. However, most persons (63%) who answered this question correctly are holders of mutual funds.

Stocks

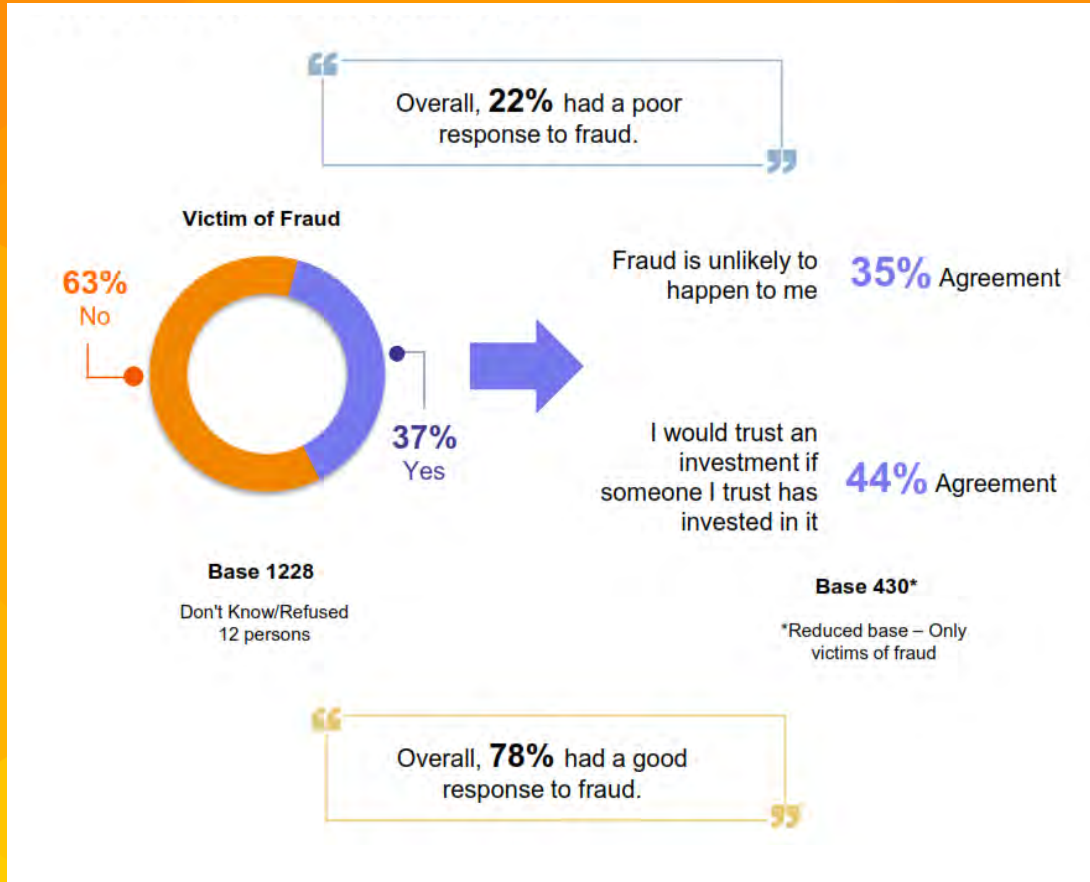
Complete the sentence, when you buy a company's stock, you...



The responses to this question offers insight into people's grasp of basic financial concepts. Almost six in ten respondents understand that buying stock means owning a portion of the company. Almost a quarter of respondents are of the view that they are guaranteed their money back plus interest, which shows a lack of product understanding and risk involved in investing.

Survey Findings

Poor Fraud Response among Victims of Fraud



Victims of fraud who agreed with the statements "fraud is unlikely to happen to me" and "I would trust an investment if someone I trust has invested in it" were classified as having a poor fraud response, indicating an inability to spot warning signs of fraud. This accounts for 22% of the sample. Just over a third of fraud victims believe they are not susceptible to fraud, while 44% indicated that they would trust an investment simply because someone they trust had invested in it, making them vulnerable to affinity fraud. However, most respondents (78%) have not been victims of fraud and did not express agreement with these two statements.

INAUGURAL INVESTOR EDUCATION (IE)

Community OUTREACH Roadshow

For fiscal year 2025, the TTSEC expanded its approach to outreach in response to the findings of our 2024 National Brand Awareness, Perception & Knowledge-Based Survey. In addition to our ongoing Investor Education (IE) sessions at schools and organisations, the TTSEC will now be focussing on conducting sessions at the community level. These community-focused initiatives will be executed in collaboration with local government bodies, NGOs, such as village councils and financial sector stakeholders.

This strategy aims to reach larger, diverse audiences extending beyond traditional school and organisational settings. These community-based roadshows will tap into a broader demographic, including under-served communities. It will also broaden the appeal and relevance by engaging with communities directly which will allow the TTSEC's programme to be more accessible, relatable, and impactful, addressing local needs and concerns.

Four (4) community outreach initiatives are planned for the fiscal year and will be held quarterly to target the communities in the Regions of **Central/South, East/North, West and Tobago**.

The community roadshows will provide an opportunity to raise awareness about the importance of saving and investing, especially in rural communities where access to financial information might be limited; educate the public on investment basics with clear, simple explanations of investment concepts, such as risk, diversification, long-term financial planning and comparing competing products; promote safe investment practices to help individuals identify legitimate investment opportunities, avoid investment scams, and understand their rights as investors; empower local communities and facilitate public access to freely available investment resources such tools and platforms that can help them make informed investment choices.

The inaugural **Investor Education (IE) Community Outreach Roadshow** series was held in collaboration with Financial Sector Stakeholders and officially launched on November 20, 2024, at the auditorium of the Chaguanas Borough Corporation. The event was held under the theme **'Empowering Communities Through Financial Literacy and Investor Education'** and marked the start of our planned roadshow series.

The roadshow will continue to be held in major communities in Trinidad and Tobago in collaboration with the Central Bank of Trinidad and Tobago (CBTT), Trinidad and Tobago Stock Exchange Limited (TTSE), Securities Dealers Association of Trinidad and Tobago (SDATT) and the Mutual Fund Association of Trinidad and Tobago (MFATT) along with the respective local government bodies and NGOs.

The programme at our inaugural event included Opening Remarks by the Chief Executive Officer, Kester Guy, followed by Remarks from the Mayor of Chaguanas, His Worship Faaïq Mohammed and a brief overview of the TTSEC's Investor Education Programme by Ellen Lewis, Manager Corporate Communications and Education.

In his remarks the Mayor noted that *'financial education is not just about managing wealth - it is about protecting livelihoods. It empowers us to recognise red flags, ask the right questions, and make decisions based on sound knowledge, not empty promises.'*

While Mr. Guy pointed out that, *"by collaborating with diverse stakeholders, we can significantly extend our outreach, ensuring meaningful participation from a wide range of groups in financial discussions. Inclusiveness lies at the core of our approach, serving as a cornerstone for enhancing the appeal and relevance of our educational programmes."*

In presenting the overview of the TTSEC's Investor Education Programme, Ms Lewis traced the programme's evolution since its inception in 2005. She detailed how it has grown into a comprehensive and holistic approach to securities education, effectively bridging the gap between theoretical knowledge and practical investing.

Ms Lewis explained that the programme in its current form is the result of a multi-faceted strategy pursued by the TTSEC and includes:

- **Investucatett.com:** a live online hub with resources tailored for investors at all levels.
- **Gamification tools:** such as InvestorQuest-TT.com, designed to make learning engaging and interactive.
- **Investor Protection Mobile App:** providing easy access to critical information via smartphones.
- **Brochures and learning materials:** Covering a wide range of topics for different audiences.
- **Competitions and interactive activities:** encouraging active learning and participation.
- **Social media optimisation:** leveraging digital platforms to expand outreach.
- **School and public outreach initiatives:** bringing securities education directly to communities.

The roadshow also featured informative presentations from the following key speakers, Mr. Dominic Stoddard, Financial Services Ombudsman, Mr. Jase Tory, Market Operations Manager TTSE, Ms. Alesha Phelps, MFATT President and Mr. Musa Abdullah Senior Investment Analyst, Sagicor Investments Trinidad & Tobago Limited representing MFATT, Mr. Ishan Gosine, Head - Sales, Trading and Investments at the NCB Merchant Bank (Trinidad and Tobago) Limited representing SDATT, Ms. Jamila Prescod Grant, Legal Counsel and Ms. Melissa Cudjoe, Senior Investigator from the TTSEC.

Topics included the Basics of Money Management, Types of Investment Instruments, What are Mutual Funds, How to Invest and the Role of the TTSEC in Investor Protection.

A lively and interactive Q&A session followed each presentation, and five (5) lucky participants won prizes for their correct responses to certain questions. These prizes that included vouchers to invest in local securities were made available by CBTT, TTSE, MFATT, SDATT and Xtra Foods Limited.

The next roadshow is scheduled to take place in **March 2025**, and we look forward to the continued collaboration with our fellow Financial Sector Stakeholders and partners at the local government level.

Through these initiatives, the TTSEC continues to empower individuals with the knowledge and tools needed to make informed financial decisions.



Caption: L-R: Musa Abdullah, presenter from the Mutual Fund Association of Trinidad and Tobago (MFATT), Alesha Phelps, MFATT President, Ishan Gosine, presenter from the Securities Dealers Association of Trinidad and Tobago (SDATT), Tiffany Pemberton Marquez, SDATT President, Imtiaz Hosein, TTSEC Chairman, His Worship Faaq Mohammed, Mayor of Chaguanas, Kester Guy, TTSEC CEO, Dominic Stoddard, Financial Services Ombudsman, Jase Tory, presenter from the Trinidad and Tobago Stock Exchange, Jamila Prescod-Grant and Melissa Cudjoe, presenters from TTSEC, and Ellen Lewis, Manager Corporate Communication and Education, TTSEC.





Regulating Financial Technology

The TTSEC has a responsibility and legislative mandate to monitor, and where appropriate, encourage innovative developments as they relate to the securities market. The increasing emergence of Financial Technology (Fintech) and other innovations in the financial sector have the potential to transform the securities industry in Trinidad and Tobago. This transformation may be beneficial, as it has the potential to improve the efficiency of securities transactions, provide cost effectiveness and encourage the growth of Trinidad and Tobago's capital markets. However, without proper regulations in place, there is a heightened risk to investors and the financial stability of the country. Therefore, the TTSEC must be prepared to implement safeguards where necessary, to protect investors and the industry.

In 2017, the International Organization of Securities Commissions (IOSCO) published a report on the main Fintech products and services observed in securities and capital markets which should form the basis for securities market regulation. These included the following:

Alternative Financing
Platforms

Retail Trading and
Investment Platforms

Institutional Trading
Platforms

Distributed Ledger
Technologies



The emergence of
FINTECH
and other innovations in
the financial sector have
the potential to
transform the securities
industry\$

Alternative Financing Platforms

These online platforms are designed to connect businesses and individuals seeking capital with those who have money to lend, invest, or donate. Often categorized as Peer-to-Peer (P2P) lending and Equity Crowdfunding (ECF) platforms, these services offer different financial opportunities. With P2P lending, lenders and investors can earn monthly interest alongside the repayment of their capital. In contrast, ECF allows individuals to invest in startups or early-stage businesses in exchange for company shares. Businesses typically present their pitches, financial statements, and other relevant information to attract potential investors.

Retail Trading and Investment Platforms

These online investment and trading platforms enable customers to trade, buy, and sell securities directly from their computers or mobile devices. Users are able to manage account details, access investment tools, place orders, and conduct market research—all without relying on traditional brokerage or asset management firms. This has created a more cost-competitive environment, driving the adoption of technology to automate processes and expand the range of available products and services. At present, the main types of platforms include online brokerage services, asset management platforms, and exchange-based distribution platforms.

Institutional Trading Platforms

Institutional trading platforms are a specialized platform designed for large-scale investors, such as

hedge funds, asset managers, investment banks, and other financial institutions, to execute trades in various financial markets. These platforms cater to the specific needs of institutional investors, offering advanced tools, higher liquidity, and access to more complex financial instruments compared to retail trading platforms.

Distributed Ledger Technologies (DLT)

A distributed ledger is a consensus of replicated, shared and synchronized digital data geographically spread across multiple sites, countries and/or institutions. The data on the ledger is accessible and collectively controlled by multiple users referred to as nodes. Any update of the data is validated by the nodes who must come to an agreement about the state of the ledger through a specific consensus mechanism. DLT therefore presents an opportunity to save costs if used to replace legacy systems and processes.

Fintech is developing globally at a significant rate and while these technologies seek to improve the use of financial services, any change brings about new risks and potential vulnerabilities. As such it is important that investors and the TTSEC are knowledgeable, and there is an understanding of both the opportunities and challenges involved, in order to adequately regulate these products and services. To this end, the TTSEC will be developing a policy for the regulation of Fintech in Trinidad and Tobago.



Picture these scenarios:

- You come across a sponsored post on Facebook from INVESTNOW, urging you to pay \$500 to earn \$8,000 within 24 hours. **Sounds too good to be true?**
- A message pops up, supposedly from your Banking Institution: "\$30,000 has been deposited to your savings account." **Could this be real?**
- A video on TikTok boasts of massive payouts, with the tagline: "Trust us, we'll get you there!"

Tempting? Absolutely. Legitimate? Probably not. What do these examples have in common? They are all part of a growing wave of social media investment scams.

Social media plays an integral part in our daily lives, connecting us like never before, offering entertainment, networking, and even business opportunities. However, alongside its benefits, it has become a playground for scammers, especially those targeting individuals with promises of easy wealth. From fake cryptocurrency platforms to Ponzi schemes, these scams exploit the desire for financial freedom and quick wealth. The good news? By staying informed and adopting the right strategies, you can identify the red flags and protect yourself against social media investment schemes.

Here are some warning signs that an investment opportunity on social media might be a scam:

Be cautious of "too good to be true" offers:

One of the most common red flags for social media investment scams is the promise of higher-than-average returns with little or no risk. Scammers lure victims by promoting opportunities that seem almost too good to be true, claiming that their investments will generate substantial profits, especially over a short period of time.. Such offers may include claims like those mentioned at the start of this article where you can "double your money in a day" or "get guaranteed returns" without risk.

Legitimate investments all involve some level of risk. If it sounds too good to be true, it probably is. As an investor, you should always exercise caution when faced with such lucrative investment schemes and conduct thorough research and due diligence before committing any of your hard-earned money.

High-pressure tactics:

Scammers often use high-pressure sale tactics to create a sense of urgency. They may say, "Offer ends today!" or "Don't miss out – others are already investing!", urging you to act immediately. Legitimate investments do not require rushed decisions.

When faced with such situations, ignore the pressure to act quickly. If someone pressures you or implies that the opportunity will disappear unless you invest right away, take a step back. Scammers thrive on creating panic and urgency to prevent you from thinking rationally.

Always take your time to evaluate any investment opportunity carefully. Also, seek a second opinion. If you feel uncertain about an investment, consult a registered investment advisor or trusted friend before proceeding.

Lack of In-Person Interactions:

A common trait of social media scammers is their avoidance of face-to-face communication. They often hide behind fake names to remain anonymous, making it difficult for victims to trace them. Scammers typically ask for payments through online bank transfers, sometimes splitting the payment across multiple bank accounts to cover their tracks. They may also claim they can't meet in person because they are either in another country or too busy investing on your behalf. This is just an excuse to avoid direct contact and keep things impersonal, making it harder for them to be caught.

Watch for fake reviews and testimonials:

Scammers often fabricate testimonials and compile fake reviews to make their investment schemes appear legitimate. These stories may feature individuals claiming substantial profits, but their tales are often fabricated to lure others into investing. To protect yourself, check if the individuals behind these testimonials have a verifiable online presence.

Beware of cryptocurrency scams:

Cryptocurrency has become very popular in recent years, offering new ways to trade and invest with the potential for high returns. However, because it operates without a central authority and isn't heavily regulated, it has become a common target for scammers. These fraudsters take advantage of people who don't fully understand how cryptocurrency works by creating schemes that promise big profits, but often lead to financial loss. Common scams include spreading false information to increase the value of a cryptocurrency or claiming to invest and trade on your behalf with promises of unrealistic returns. In most cases, they disappear with your money after you invest. To protect yourself, always stay alert and do proper research before investing in any cryptocurrency product.



Preferred Way to Communicate - Telegram App:

Once initial contact is established via any of the social media platforms and you request more information regarding the investment opportunity, there is an emerging tendency for scammers to quickly move the conversation to the Telegram mobile application. Telegram is attractive to scammers because it offers anonymity and ease of use. Users don't need to reveal their phone numbers, only usernames, which makes it harder to trace them. While Telegram is available on both the Google Play and Apple App Stores, it doesn't offer the same level of security as WhatsApp, unless you use its 'secret chats' feature. So, if someone you are messaging on platforms like Facebook suddenly asks you to switch to Telegram, be cautious.

Check for Red Flags in the Platform's Communication:

When evaluating a platform, pay close attention to its communication for potential red flags. Indicators such as incorrect grammar, spelling mistakes, or unprofessional language can suggest that the platform may not be legitimate or trustworthy. Reputable companies typically maintain high standards in their communications, reflecting professionalism and attention to detail. If the platform's communication appears impersonal or poorly crafted, proceed with caution as these flags often signal deeper concerns about its reliability and credibility.

Be Wary of Unsolicited Investment Offers:

If you receive an unsolicited investment offer, especially from unknown or unverified sources, it's crucial to be cautious. These offers are often a red flag for potential scams or high-risk schemes designed to exploit unsuspecting individuals. Legitimate investment



Before investing,
verify the legitimacy
of the investment

opportunities typically do not arrive out of the blue, especially through cold-calling, unsolicited emails, or messages on social media.

Beware of Investments that Reward Recruitment:

Be cautious of investment opportunities that promise higher returns for bringing in others. In fact, this is one of the characteristics of a Prohibited Scheme as defined under Section 165(A) of the Securities Act Chapter 83:02. No legitimate investment opportunity would pay you extra for recruiting members.

Strategies for Protecting Yourself from Social Media Investment Scams

Verify the Social Media Account:

Verify the social media account by doing the following. First, you can check when the Page or Profile was created. If it was newly created, probably within the past year, it is likely a scam. This is common for pages attempting to impersonate established financial institutions. Additionally, perform a Google search for independent reviews about the investment opportunity to assess credibility.

Confirm the Legitimacy of the Investment Scheme, Company or Platform:

Before investing, verify the legitimacy of the investment. You can check whether the investment scheme and the person/entity offering the investment are registered with the TTSEC. You can find a list of registered securities and persons/entities authorised to engage in investment business on the Commission's website at: <https://www.ttsec.org.tt/registration/registered-companies-individuals-and-securities/>.

As the Christmas season approaches, the TTSEC encourages investors to stay vigilant and conduct research on potential investments. While social media can provide a wealth of opportunities for connecting with others and learning about new trends, it also presents a breeding ground for investment scams. To protect yourself from falling victim to these scams, be sceptical, verify sources, research opportunities, and avoid rushing into any investment decision. By staying informed, cautious, and wary, you can reduce the risk of falling for fraudulent schemes and safeguard your financial future. Remember: if an investment sounds too good to be true, it probably is!

Public Awareness Campaign - TTSEC Complaint Process

The TTSEC has the authority to investigate and adjudicate all complaints lodged with it under Section 49 of the Act.

The staff of the Commission reviews and investigates all complaints and tips related to the securities industry, including but not limited to those made against registrants (broker-dealers, investment advisers, underwriters, and reporting issuers). Complaints must be made in writing. Upon receipt of a complaint or tip, the staff of the Commission may decide that further investigation is warranted, if the actions of these individuals or companies suggest a possible breach or possible breaches of the Act.

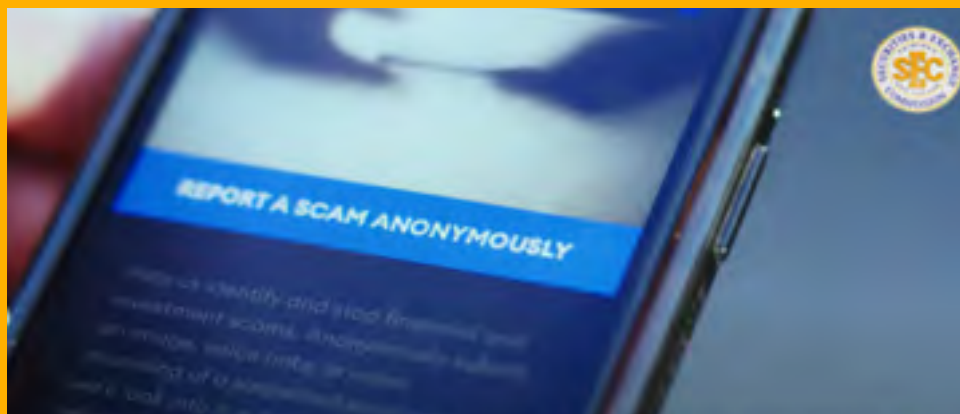
Upon completion of an investigation, including the provision of legal advice (internal and external), staff of the Commission will make a recommendation to the Board which may include convening a hearing, if staff is of the opinion that the individual or company against whom a complaint was made, has contravened or is contravening the Act.

Do you know the TTSEC's Complaint Procedure?

- Step 1:** Make your complaint to the company
- Step 2:** Get the company's response to your complaint in writing
- Step 3:** Lodge a complaint with the Commission
- Step 4:** The Commission reviews your written complaint

The TTSEC conducted a public awareness campaign on Radio, Television and Social Media from November 27 to December 23, 2024 to promote awareness of the TTSEC's complaint process.

To view the campaign video, which features Staff of the Commission, visit the TTSEC's YouTube Channel or click the link: <https://www.youtube.com/watch?v=PxlOxZg23NY>





Wishing you a **HAPPY**
New Year

2025

Happy New Year!
May 2025 bring new opportunities, renewed
partnerships, and continued growth.
From the Board and Staff of the Trinidad and
Tobago Securities and Exchange Commission.

