



# Regulating Crypto Assets

Trinidad and Tobago Securities and Exchange Commission



# Agenda

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- 02** Crypto Assets and the Securities Market
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# About the TTSEC



## VISION

To be an innovative regulator of a thriving securities market, enabling economic development for the benefit of all.



## MISSION

Instilling confidence in the securities market by protecting investors, promoting sustainable market growth, and reducing systemic risk, through collaboration and innovation

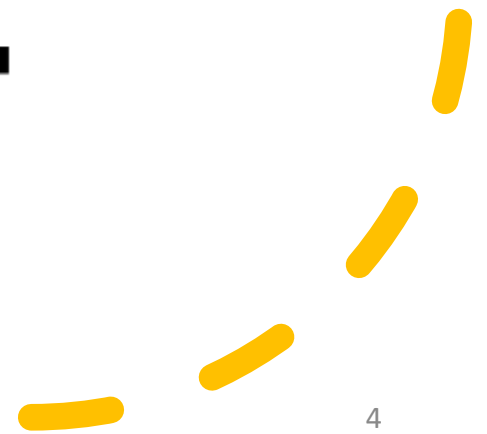
## What we do:

- Facilitate the development of the securities industry by registering and authorising market actors.
- Ensure orderly, fair and equitable dealings in securities by maintaining surveillance over the securities industry.
- Ensure compliance with laws and regulations by conducting reviews and examinations.
- Promote education and enhance public understanding of the securities industry.
- Improve confidence and reduce systemic risk by assessing, measuring and evaluating risk exposure in the securities industry.

## QUESTION #1

What is your view on  
Crypto Assets?

- Definitely, yes!
- No, too risky.
- I really don't know enough about it.





# Crypto Assets and the Securities Market



**Crypto assets** are a type of private asset that depends primarily on cryptography and distributed ledger technology (DLT) or similar technology as part of its perceived or inherent value. Crypto-assets can represent an asset or ownership of an asset, such as a currency, a commodity, or a security or derivative. At present there is no globally accepted taxonomy of crypto-assets in use by international standard-setting bodies. (IOSCO)

**Crypto assets can be categorized as follows:**

**Security Tokens** – Provide ownership rights. Allows businesses to raise capital for their projects by issuing digital tokens in exchange for fiat money or other crypto-assets.

**Utility Tokens** - Enables access to a specific product or service and often provided using a DLT platform. Can only be used in the issuer's network.

**Payment/exchange/currency tokens** - Often referred to as Virtual Currencies or Crypto-Currencies. They Typically do not provide rights of ownership but are used as a means of exchange, for speculative purposes or for the storage of value.

# Crypto Assets and the Securities Market



## Anti-Money Laundering (AML) Requirements:

- **Virtual Assets (crypto assets) refer to any digital representation of value that can be digitally traded, transferred or used for payment.**
- **Countries need to fully and effectively implement the Financial Action Task Force (FATF) Standards for virtual assets as a priority.**

## What regulators need to do:

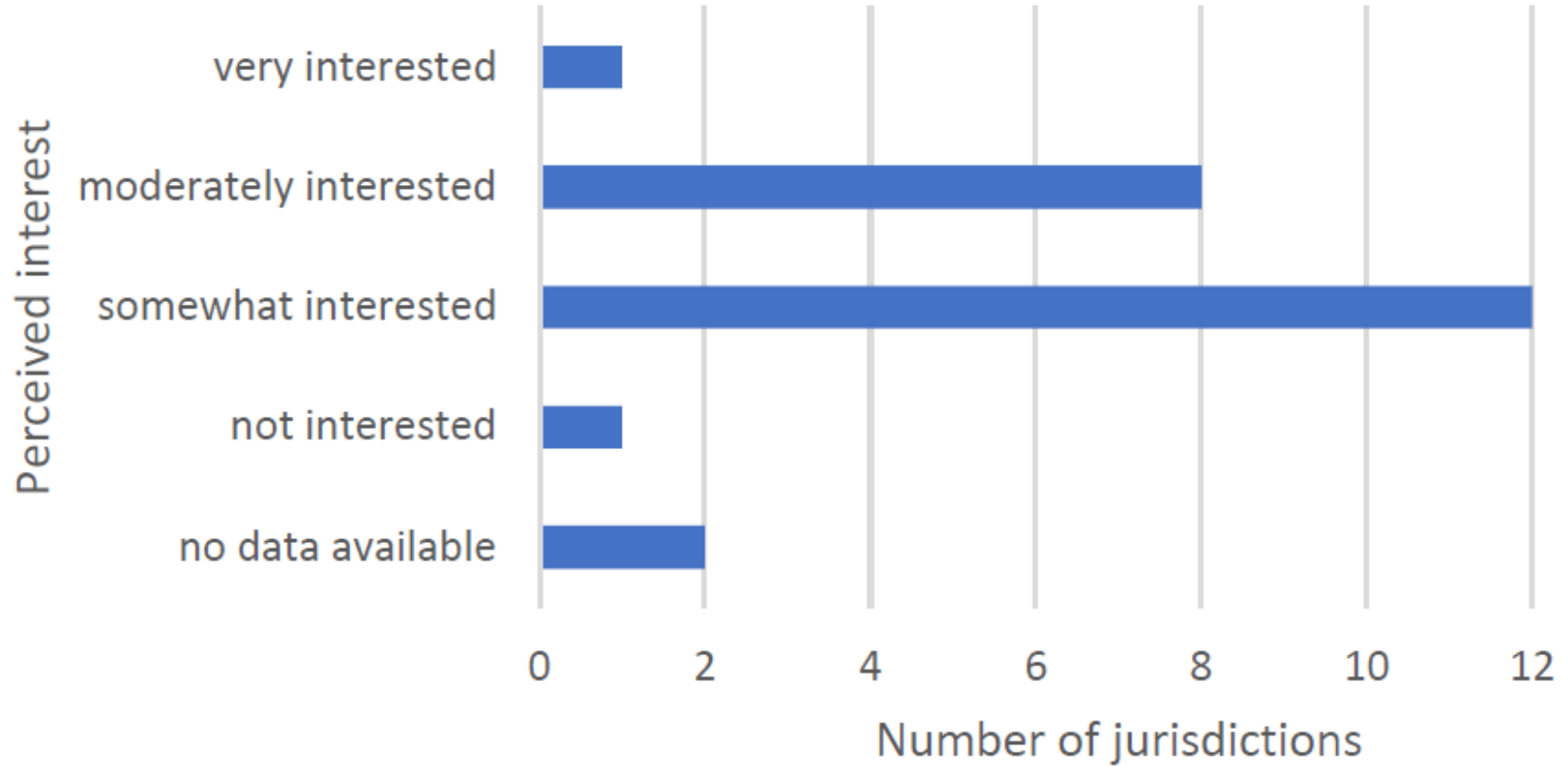
- Understand the money laundering and terrorist financing risks the sector faces (Crypto Assets).
- License or register virtual asset service providers.
- Supervise the sector, in the same way it supervises other financial institutions.
- Implement Travel Rule - VASP must obtain and hold details of sender and recipient for transactions over 1000 USD / 1000 EUR and send this to any VASP counterparty.

# Crypto Assets and the Securities Market



International Organization of Securities Commissions (IOSCO) conducted a fact-finding survey among its members as the first step in developing educational material on Crypto Assets.

### Perception of interest in investing in crypto-assets

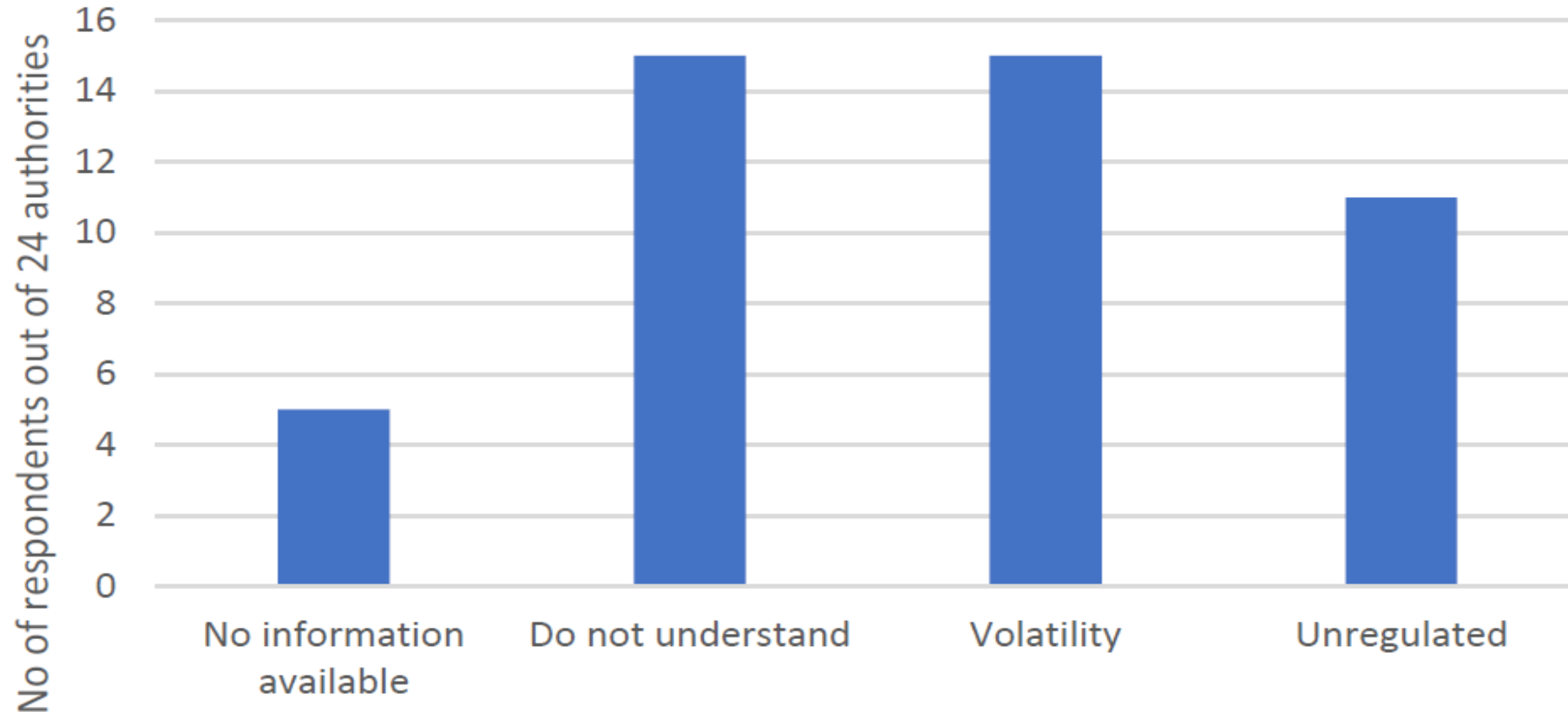


Source – IOSCO Investor Education on Crypto Assets December 2020

# Crypto Assets and the Securities Market



Main reasons for not investing in Crypto Assets



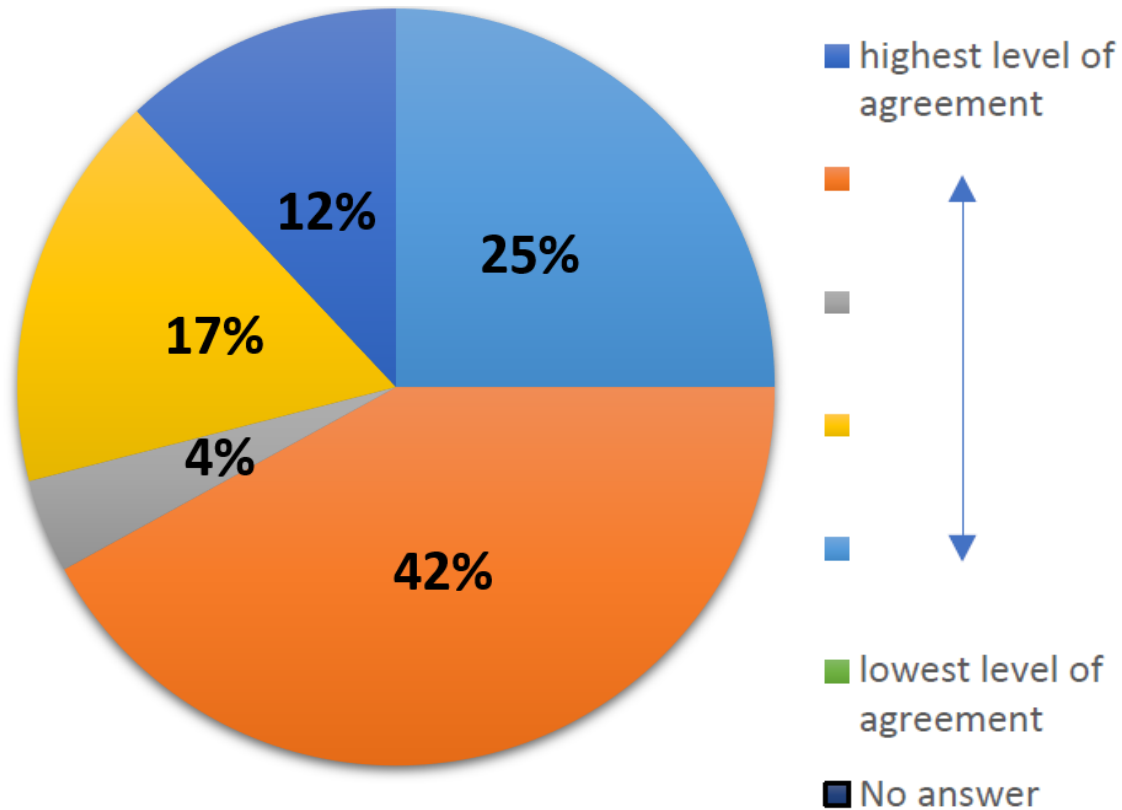
Source – IOSCO Investor Education on Crypto Assets December 2020



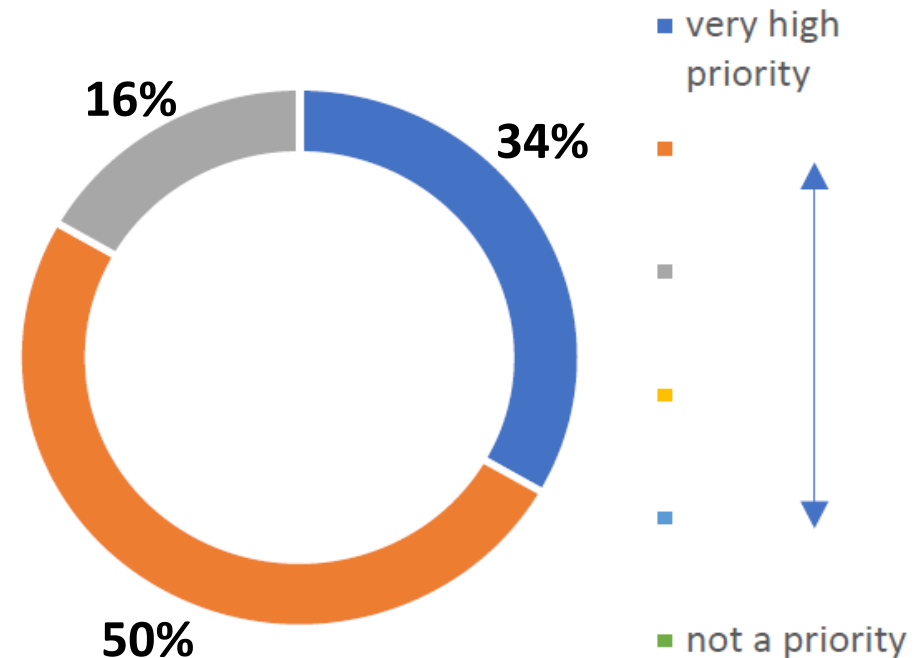
# Crypto Assets and the Securities Market



Perception that Crypto Assets pose a threat to investors



Need for education in Crypto Assets



Source – IOSCO Investor Education on Crypto Assets December 2020

# Regulating Crypto – Regional Approach

## Cayman Monetary Authority

- The Virtual Asset (Service Providers) Law of 2020.

## Bermuda Monetary Authority

- The Digital Assets Business Act of 2018.
- Digital Asset Issuance Act of 2020, that refers to the issuance of crypto assets.

## Securities Commission of Bahamas

- The Digital Assets and Registered Exchanges Act of 2020.

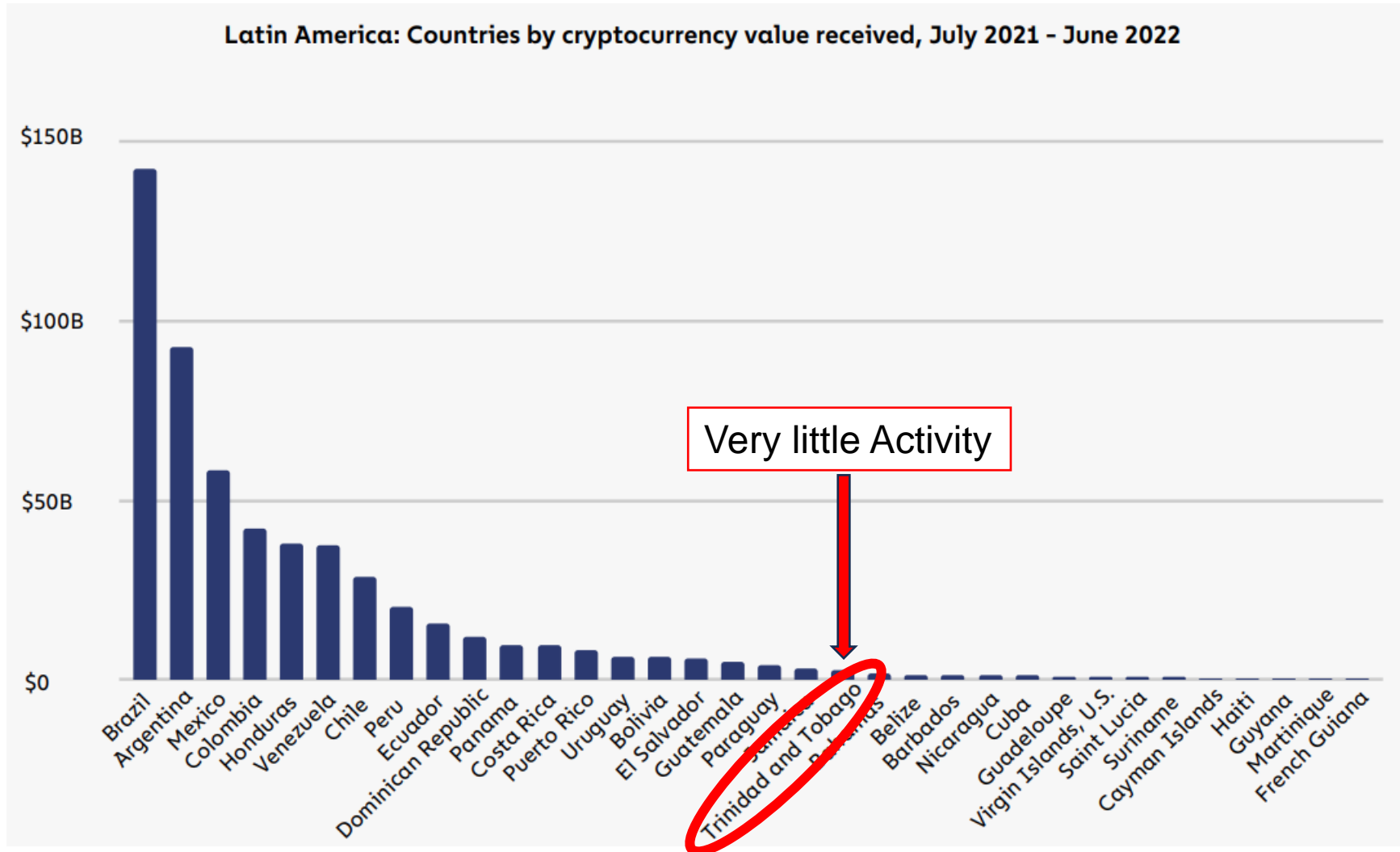
## Barbados Stock Exchange

- The Digital Assets and Registered Exchanges Act of 2020.

## Jamaica

- The law includes a broad definition of the concept of “security,” and allows the Minister of Finance to issue orders designating other instruments as securities.

# Crypto Assets and the Securities Market

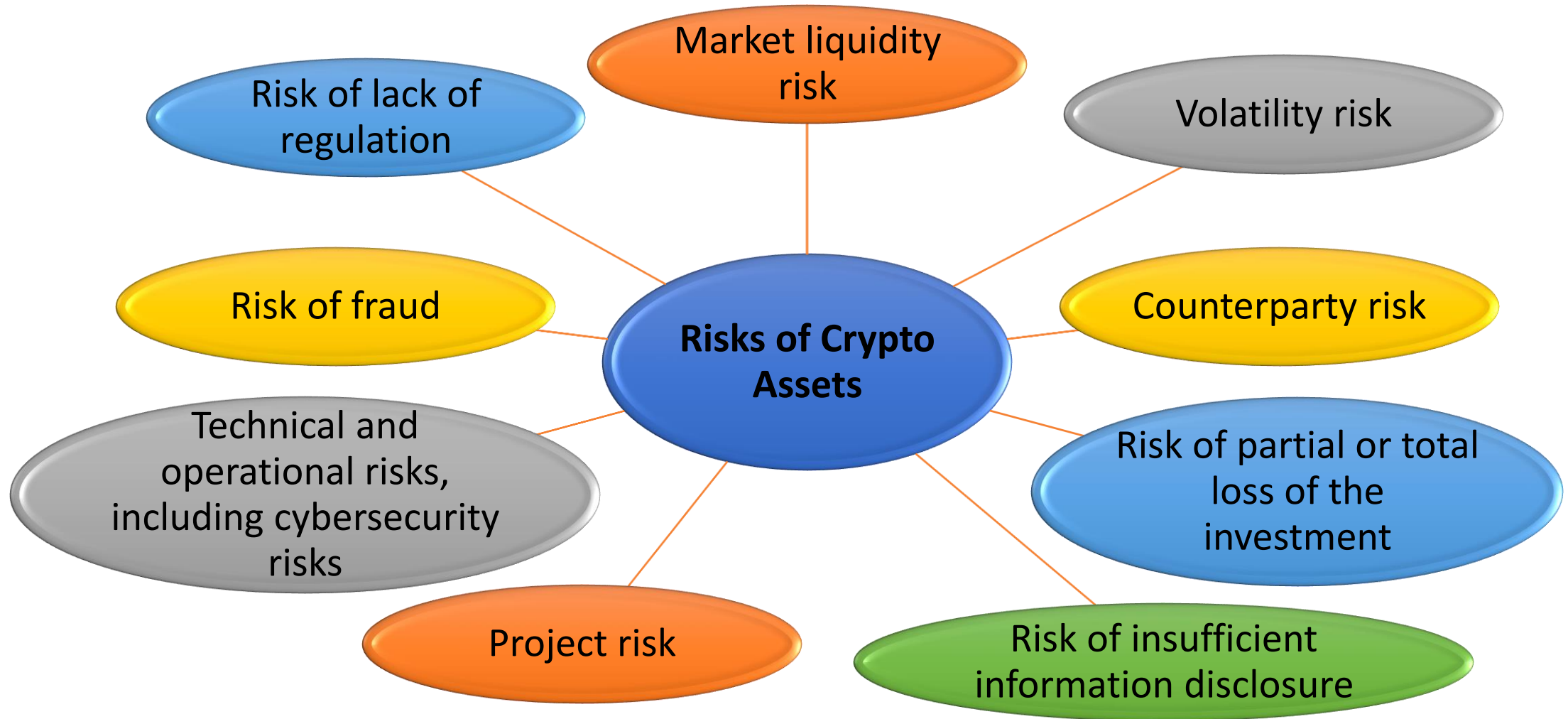


The 2022 Global Crypto Adoption Index (146 Countries)

Country	Index Ranking
Vietnam	1
Philippines	2
Ukraine	3
India	4
United States	5
Pakistan	6
Brazil	7
Thailand	8
Russia	9
China	10
<b>Trinidad and Tobago</b>	<b>121</b>

Source – Chainalysis The 2022 Geography of Cryptocurrency Report

# Crypto Assets and the Securities Market



# Regulating Crypto – TTSEC Approach



**The Regulatory Framework for the Securities Market of T&T will seek to achieve Investor Protection and Market Integrity.**

The regulatory regime will ensure there is a level playing field for both traditional financial markets and crypto-assets to help reduce the risk of regulatory arbitrage.

The TTSEC will be analysing the applicability and adequacy of regulatory frameworks in the context of the following:

- (1) Are crypto-assets behaving like substitutes for, regulated financial instruments, and
- (1) Are investors substituting other financial instrument investment activities with crypto-asset investment activities.

# Regulating Crypto – TTSEC Approach



As the TTSEC seeks to implement a regulatory regime for Crypto Assets the following will be considered:

- ❑ **Conduct of an Impact Assessment** (what is the problem?/what are the risks?/what are the costs and benefits?).
- ❑ **Focus on AML/CFT requirements and FATF recommendations.**
- ❑ **Determine the options to establish a solid legal and regulatory framework for the sector** such as:
  - **Creating a comprehensive legal reform.**
  - **Having targeted legal amendments.**
  - **Establishing regulations issued without legal changes (guidelines)**
  - **The use of exemptions**



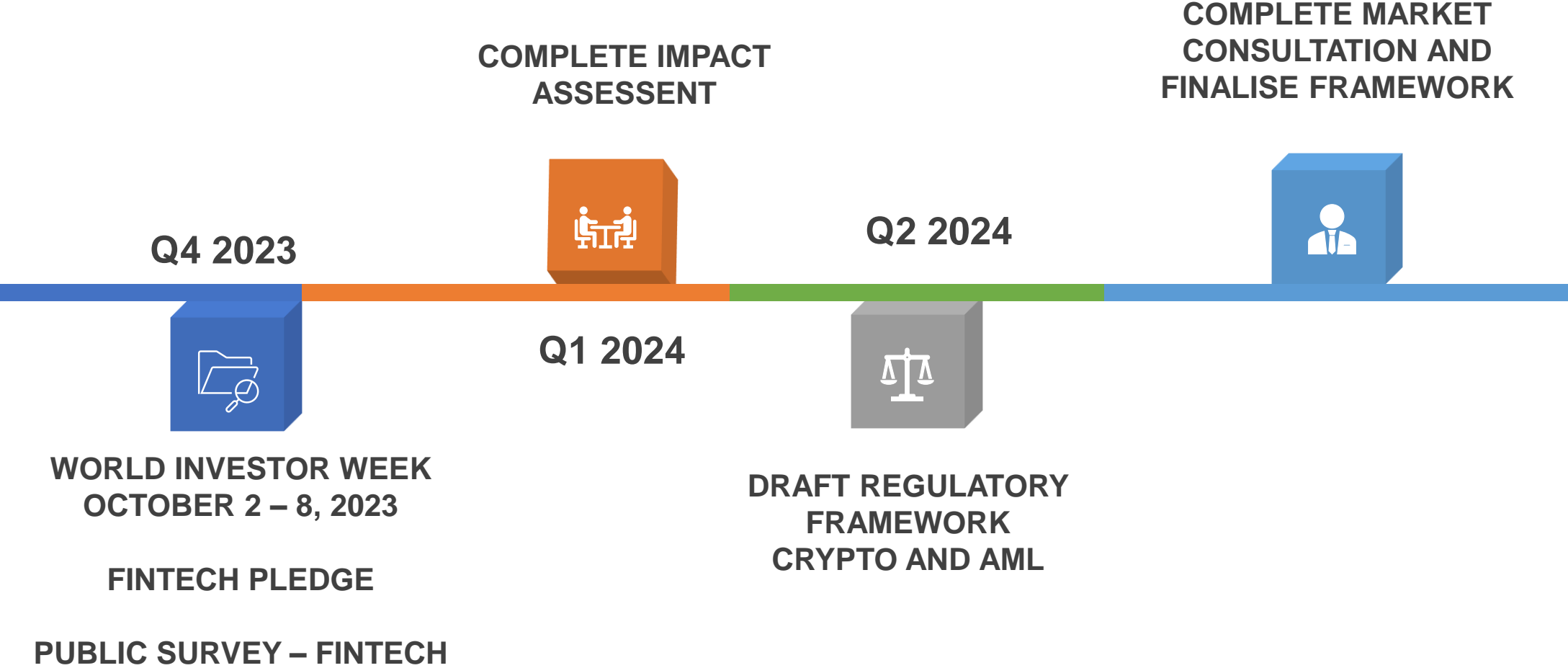
## QUESTION #2

What types of Crypto Assets services would you consider using?

- Crypto ATMs
- Crypto Exchanges
- Crypto Crowd Funding Platforms
- Other
- I don't know



# Regulating Crypto – TTSEC Approach





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# Thank you

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You Tube

