



Trinidad and Tobago Securities and Exchange Commission

Opening remarks at the AML/CFT Market Outreach Session

- The Money, the Law and You -

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Hilton Hotel and Conference Centre, Port of Spain

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Chairman, TTSEC**

Ladies and gentlemen, let me first thank you for attending this morning's session. The Trinidad and Tobago Securities and Exchange Commission is the Supervisory Authority responsible for ensuring that Broker-Dealers, Underwriters and Investment Advisers comply with laws related to Anti-Money Laundering /Combating the Financing of Terrorism ("AML/CFT"). We apologise for the short notice with which these invitations were sent, but we felt that given the importance of this issue and the imminent Fourth Round Mutual Evaluation scheduled to be conducted in a few days, this morning's session was timely and quite relevant.

We are here this morning to discuss Anti-Money Laundering/Combating the Financing of Terrorism matters (AML/CFT for short) as an issue affecting our country and the world.

You may ask yourself, what is the TTSEC's role vis a vis AML/CFT regulation in the securities sector. Under section 6(i)¹ of its governing legislation the Securities Act, 2012 ("the SA, 2012"), the TTSEC is obligated to ensure that its registered entities comply with all laws relating to Anti-Money Laundering/Combating the Financing of Terrorism ("AML/CFT") and to take steps to mitigate the risk of exposure to AML/CFT related financial crimes.

¹ SA, 2012, s. 6 The functions of the Commission are to-

(i) ensure compliance with the Proceeds of Crime Act, any other written law in relation to the prevention of money laundering and combating the financing of terrorism or any other written law that is administered or supervised by the Commission;



Consequent to its regulatory role, it is incumbent on the TTSEC to be familiar with the AML/CFT risks associated with the securities sector, and to undertake measures to mitigate the attendant risks. Money laundering (“ML”) schemes in this sector normally involve transaction types associated with the integration and layering stages of ML. The activities of this sector’s participants principally involve the flow of value instruments both within the local economy and internationally. Consequently, we are required to mitigate against the risk that the proceeds of criminal activity and funds intended for terrorist activities, become included in these capital flows.

Today, you will be briefed on the regulatory measures implemented by the TTSEC, our strategy for meeting the regulatory requirements and the way forward so I will not discuss these issues, but permit me to provide a brief summary of the upcoming CFATF Fourth Round Mutual Evaluation which will be held in a few days.

As you may be aware, the Financial Action Task Force (FATF) is an intergovernmental agency founded by the G8 in Paris in 1989 to develop policies intended at combatting money-laundering. Its role has evolved since then to include countering the financing of terrorism. It is comprised of 34 members and two regional organizations which have spawned the development of several other FATF-like regional associations. These associations share the FATF’s goals and



apply its methodologies in assessing the performance of their members. One such association, of which Trinidad & Tobago is a member, is the Caribbean Financial Action Task Force (CFATF).

The FATF issues recommendations, widely known as “the forty recommendations” which provide guidance to countries that share its goals. These recommendations are accompanied by eleven “Immediate Outcomes” that each country should seek to achieve. The recommendations and outcomes are supplemented by several papers which the FATF issues which explain the reasoning behind the measures and the manner in which they may be best adopted by countries.

Each regional FATF styled body, such as the CFATF, carries out assessments or mutual evaluations of its members on a regular basis. The evaluators review a member-country’s performance in relation to the forty recommendations and eleven immediate outcomes. In doing so, they seek to judge a country’s technical compliance with the forty recommendations and the effectiveness of its AML/CFT efforts that result from its implementation of the recommendations. Countries that are found deficient by mutual evaluations find themselves under intense pressure by the international community and may suffer increased costs in carrying out international trade in addition to a loss of international reputation.

The method used by the evaluators is to subdivide the forty recommendations into 241 separate criteria. Each of these criteria is individually reviewed, rated and commented upon by the assessors. The parties responsible for implementation of the forty recommendations and whose performance is judged by the evaluators are the country's legislators and the supervisory authorities which enforce the legislation. Because of its designation as the supervisory authority for the securities sector, the TTSEC's performance of its AML/CFT responsibilities has the potential to affect Trinidad & Tobago's mutual evaluation. As such, the TTSEC's AML/CFT performance is under intense scrutiny. Correspondingly, this aspect of the TTSEC's mandate cannot be overlooked.

Trinidad and Tobago is scheduled to undergo the CFATF 4th Round Mutual Evaluation of AML/CFT systems on Thursday, January 15, 2015.

AML/CFT issues are part of a national strategy

As part of the national strategy, the government of Trinidad and Tobago established a committee entitled the Inter-Ministerial Committee ("the IMC") in order that the legislation, policies and infrastructure that would be necessary to satisfy the FATF recommendations would have a direct voice in the Cabinet. The IMC is comprised of the Attorney General (Chair), the Minister of Finance and the Economy and the Minister of National Security.

The National Anti-Money Laundering Committee (NAMLC) was established out of the Ministry of National Security and serves as the national coordinating body for AML/CFT matters. The Director, AML/CFT Compliance Unit at the Ministry of National Security is the Chair of NAMLC and leads the interface with the supervisory authorities.

Getting the word out: a Communications Strategy

The Communications Departments of the financial regulators and the relevant state agencies, intend to inform and educate the public through a national communication and media strategy entitled: “**The Money, The Law and You**”. The target audience includes the general public in Trinidad and Tobago as well as the diverse stakeholder groupings. The campaign is aimed at developing a more informed public on AML/ CFT matters in Trinidad and Tobago.

The TTSEC has not waited on the completion of this strategy but has been utilising its website and its Quarterly Newsletter over the last few months to highlight AML/CFT related matters. This morning’s event is another medium through which we intend to keep registrants apprised of AML/CFT matters as they relate to the securities sector.

Ladies and gentlemen, I wish to re-emphasize that the Commission remains committed to ensuring that all registrants have a deep appreciation and full understanding of the AML/CFT requirements and the importance of implementing the relevant systems of internal controls. We therefore encourage you to keep an open mind to the information which will be presented to you this morning and we look forward to your questions and comments at the end of the morning's session.