



Trinidad and Tobago Securities and Exchange Commission

CONCISE STATEMENT OF SUBSTANCE AND PURPOSE

The Proposed Securities (General) By-Laws, 2014

The proposed Securities (General) By-Laws, 2014 (“the proposed By-Laws”) are being made pursuant to Section 148 of the Securities Act, 2012 (“the Act”) to accompany and to provide operational guidance with respect to matters requiring prescription in the Act as amended.

The proposed By-Laws are structured into twelve (12) parts and three (3) schedules. The various parts expand upon certain requirements and procedures applicable to provisions of the Act, and clarify certain obligations and standards of conduct applicable to registrants and self-regulatory organizations under the Act, such as: -

- The requirements that must be met to be registered under the Act;
- The disclosure obligations applicable to reporting issuers and other registrants;
- The internal operations of the Commission and the operations of self-regulatory organizations;
- Business conduct and practices required of registrants and self-regulatory organizations; and
- Standards of conduct and disclosure obligations for the auditors of registrants.

The schedules address the fees applicable to participate in the securities industry, fit and proper requirements and the changes that must be reported to the Commission.

In accordance with Section 149 of the Act, the proposed By-Laws will be uploaded to the Commission’s website (www.ttsec.org.tt).

You are hereby invited to submit written comments on the proposed Securities (General) By-Laws, 2014. Comments may be filed with the Commission on or before **October 24, 2014** by delivering same to:

The Chairman
Trinidad and Tobago Securities and Exchange Commission
57-59 Dundonald Street
Port of Spain

By Order of the Commission.
Dated this 19th day of September, 2014.

SECURITIES (GENERAL) BY-LAWS, 2014

PART I

PRELIMINARY

SECTION		Page
1.	Citation	
2.	Interpretation	
3.	Financial Statements	
4.	Fees	
5.	Forms	
6.	Fit and Proper Requirements	
7.	Prescribed Definitions	
8.	Market capitalization of approved foreign issuers	
9.	Standards of solvency	

PART II

**THE TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE
COMMISSION**

10.	Application	
11.	General Conduct	
12.	Reporting to the Minister or Commission	
13.	Disclosure of interest	
14.	Filing of documents with Commission	

PART III

THE TRINIDAD AND TOBAGO STOCK EXCHANGE AND OTHER SELF-REGULATORY ORGANIZATIONS

- 15. Application for registration as a self-regulatory organization
- 16. Prescribed records for self-regulatory organizations

PART IV

REGISTRANTS

- 17. Designated Person
- 18. Application for registration as a broker-dealer
- 19. Application for registration as investment advisor
- 20. Application for registration as an underwriter
- 21. Registration of Registered Representatives
- 22. Requirements for registration of Registered Representatives
- 23. Application for sponsored broker-dealer or investment adviser
- 24. Approval of Substantial Shareholders
- 25. Registration Statement
- 26. Distribution Statement

PART V

OBLIGATIONS OF REGISTRANTS

- 27. Capital requirements and notification

September 12, 2014

28. Quarterly calculation of capital requirements
29. Record-keeping by registrants
30. Adequate precautions and access
31. Records of original entry
32. Ledgers
33. Ledger account
34. Securities record
35. Order and instructions
36. Confirmation and notice
37. Cash and margin account
38. Option records
39. Audited annual comparative financial statements of registrants
40. Interim Financial Statements
41. Financial statements to customer by registrants
42. Education and training
43. Standards of investment for filing
44. Statements of accounts
45. Acknowledgement of record entry transfers in contract
46. Branch Offices
47. Filing of annual report
48. Material Change reports
49. Annual comparative financial statements

September 12, 2014

- 50. Management Discussion and Analysis
- 51. Acceptable accounting principles
- 52. Filing of material sent to security holders or filed abroad
- 53. Notification of changes

PART VI

MARKET CONDUCT AND REGULATION

- 54. Trading confirmations
- 55. Client accounts
- 56. Trades other than through a securities exchange
- 57. Separate supervision of accounts and pooling
- 58. Segregation of client securities
- 59. Improper use of client assets
- 60. Know your client
- 61. Suitability obligation
- 62. Discretionary Trading
- 63. Executing order name or code
- 64. Supervision, compliance and risk management systems
- 65. Complaints

PART VII

CONFLICTS OF INTEREST

- 66. Related parties of registrants
- 67. Conflict of interest rules statement

- 68. Limitations on trading – related parties of registrants
- 69. Limitation on advising – related parties of registrants
- 70. Limitations on the exercise of discretion – related party of a registrant
- 71. Confirmation and reporting of transactions in securities of a related party of a registrant

**PART VIII
DISTRIBUTIONS**

- 72. Advertisements in connection with a distribution
- 73. Advertisement in connection with certain exempt distributions
- 74. Risk disclosure statements for asset-backed securities
- 75. Re-sale restriction statement
- 76. Submission to jurisdiction for approved foreign issuers
- 77. Marketing restrictions for prospectus offerings
- 78. Advice to individual accredited purchasers
- 79. Post-Distribution statements

**PART IX
SIMPLIFIED CLEARING FACILITIES**

- 80. Notice to clearing agency of closing of securities register

**PART X
DEALING BY PERSONS CONNECTED WITH ISSUERS**

- 81. Report by persons connected to a reporting issuer

**PART XI
CONTINGENCY FUND AND SETTLEMENT ASSURANCE FUND**

- 82. Definitions and Application

September 12, 2014

- 83. Purpose of fund
- 84. Administration of fund
- 85. Power of trustees
- 86. Obligatory rules of governance
- 87. Accounting for the fund
- 88. Appointment of auditors
- 89. Refusal of claims
- 90. Winding up of fund

**PART XII
AUDITORS**

- 91. Acceptable auditors
- 92. Qualifications of auditors
- 93. Criteria for independence of auditors
- 94. Limit on timeframe of auditor for SRO or registrants
- 95. Restrictions on activities provided by auditors to SRO or registrants
- 96. Appointment of auditor by the Commission
- 97. Notifications in respect of auditors
- 98. Notice on resignation of auditor
- 99. Notice of removal of Auditor
- 100. Appointment of replacement auditor

**PART XIII
MISCELLANEOUS**

- 101. Imposition of penalties

September 12, 2014

102. Securities Industry Bye-Laws revoked

SCHEDULE 1 - FEES

SCHEDULE 2 -FIT AND PROPER REQUIREMENTS

SCHEDULE 3- NOTIFICATIONS REQUIREMENTS

September 12, 2014

Legal Notice No.

REPUBLIC OF TRINIDAD AND TOBAGO

THE SECURITIES ACT, 2012

BY-LAWS

Made by the Minister under section 148 of the Securities Act, 2012 and subject to negative resolution of Parliament

THE SECURITIES (GENERAL) BY-LAWS, 2014

**PART I
PRELIMINARY**

- | | |
|-----------------------------------|--|
| Citation | 1. These By-laws may be cited as the Securities (General) By-laws, 2014. |
| Interpretation Act No. 17 of 2012 | 2. In these By-laws, "the Act" means the Securities Act, 2012. |
| Financial Statements | 3. The financial statements required under the Act and these By-laws shall - <ul style="list-style-type: none">(a) be prepared in accordance with financial reporting standards;(b) include, but are not limited to-<ul style="list-style-type: none">(i) a statement of financial position;(ii) a statement of comprehensive income;(iii) a statement of changes in equity;(iv) a statement of cash flows;(v) notes, comprising a summary of significant accounting policies and other explanatory information;(vi) a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively, or makes a retrospective restatement of |

- items in its financial statements, or when it reclassifies items in its financial statement; and
- (vii) any other statement or financial information that may be associated with the industry of operation;
- (c) unless otherwise provided for in these By-laws, be certified -
 - (i) for interim financial statements, by the directors of the registrant or self-regulatory organization, and the certification shall be evidenced by the signature of the chief executive officer or other senior officer duly authorised by the board of directors to sign on behalf of the registrant or self-regulatory organization on the approved form; or
 - (ii) for annual audited financial statements, by the signatures of two directors of the registrant or self-regulatory organization duly authorized to signify the certification on the approved form.

- | | |
|---|--|
| Fees
Schedule 1 | 4. The fees payable under the Act and these By-laws are those set forth in Schedule 1. |
| Forms | 5. The approved forms referred to in the Act and these By-laws are such forms as the Commission may determine. |
| Fit and proper requirements -
Schedule 2 | 6. The fit and proper criteria referred to in the Act and these By-laws are those set forth in Schedule 2. |
| Prescribed definitions | 7. For the purposes of these By-laws- <ul style="list-style-type: none">(a) "accountant" means an individual who is a member in good standing with the Institute of Chartered Accountants of Trinidad and Tobago or such equivalent body in a foreign jurisdiction and meets any other requirements as the Commission may approve; |

- (b) "advising representative" means a person employed by, or acting for, a registrant registered under section 51(1)(a) or (b), who performs the activities of an investment adviser on behalf of his employer;
- (c) "associate representative" means a person employed by, or acting for, a registrant registered under section 51(1) who-
 - (i) is supervised by an advising representative, brokering representative, or underwriting representative; and
 - (ii) performs the class of business activities for which such registrant is registered;
- (d) "brokering representative" means a person employed by or acting for, a registrant registered under section 51(1)(a), who performs the activities of a broker-dealer on behalf of his employer;
- (e) "Former By-laws" means the Securities Industry By-laws, 1997, repealed by these General By-laws;
- (f) "regulatory capital" means-
 - (i) cash or cash equivalents held in a financial institution;
 - (ii) money market accounts of a collective investment scheme in Trinidad and Tobago;
 - (iii) the market value of securities of the Government of Trinidad and Tobago; or
 - (iv) assets held in such other form as approved by the Commission,

which is free and clear of any encumbrances; and

(g) "underwriting representative" means a person employed by, or acting for, a registrant registered under section 51(1)(a) or (c), who performs the activities of an underwriter on behalf of his employer.

Market capitalization of approved foreign issuers

8. (1) For the purposes of section 69(1)(a) of the Act, the prescribed market capitalization is five hundred million dollars and shall be equal to the aggregate market value of the outstanding equity securities of the issuer calculated by multiplying -

(a) the total number of equity securities of each class outstanding on the day the issuer became a reporting issuer under the Act; and

(b) the closing price of each class of equity securities outstanding on the principal foreign securities exchange upon which such equity securities are traded on the day set forth in paragraph (1)(a), or the immediately preceding day on which trading took place on such foreign securities exchange if the class of equity securities did not trade on the last day of the most recently completed financial year of the foreign issuer.

(2) For the purposes of section 80(2)(c) of the Act, the prescribed market capitalization is five hundred million dollars and shall be equal to the aggregate market value of the outstanding equity securities of the issuer calculated by multiplying -

(a) the total number of equity securities of each class outstanding on the relevant date; and

(b) the closing price of each class of equity securities outstanding on the principal foreign securities exchange upon which such equity securities are traded on the relevant date, or the immediately preceding day on which trading took place on

such foreign securities exchange if the class of equity securities did not trade on the relevant date.

Standards of solvency

9. (1) For the purposes of reviewing the solvency of any person required to be registered under the Act and these By-laws, a person has failed to observe the standards of solvency when, at any time, there are reasonable grounds to believe that -

(a) the person is unable to pay his liabilities as they become due or;

(b) the realizable value of the assets of the person is less than the aggregate of -

(i) its liabilities; and

(ii) the stated capital of its securities.

(2) In addition to the standards of solvency required by paragraph (1), the Commission may require a person required to be registered under the Act and these By-laws to maintain such minimum level of capital as it may deem necessary.

PART II

THE TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

Division 1 - Conduct

Application

10. (1) By-laws 11 and 12 apply to each member of the Commission, the chief executive officer, and each officer, clerk or other person who is employed by the Commission or who holds office or an appointment under the Act or any person to whom any authority has been delegated by the Commission.

(2) By-laws 11 and 12 do not apply to transactions in personal promissory notes or securities issued by, or guaranteed by a government entity.

General conduct

11. No person to whom this by-law applies shall -

(a) engage directly or indirectly in any personal business transaction or private arrangement for

personal profit or the avoidance of a loss which accrues from, or is based upon his official position or authority or upon confidential or non-public information which he gains by reason of such position or authority;

- (b) act in a manner that might result in, or create the appearance of -
 - (i) a public office being used for private benefit, gain or profit or the avoidance of a loss;
 - (ii) having received preferential treatment other than as provided for in the Act;
 - (iii) a loss of independence or impartiality of such person; or
 - (iv) a loss of public confidence in the integrity of the Commission;
- (c) divulge or release, in advance or otherwise, confidential, non-public or official information to any person unless authorized under the Act;
- (d) divulge or release at any time after the termination of his office, appointment or employment with the Commission, or the completion of any matter delegated to him, confidential, non-public or official information to any person unless authorized under the Act;
- (e) act as an official in a matter in which the person has a material direct or indirect personal interest whether pecuniary or not;
- (f) be involved, directly or indirectly, in any business or financial affairs which may conflict with his duties or responsibilities; or
- (g) hold office in, or be a director of a registrant or self-regulatory organization.

Reporting to the
Minister or
Commission

12.

(1) At the time of taking office or employment with the Commission, a person referred to in by-law 10(1) shall provide a report disclosing his direct and indirect beneficial ownership

of, or control or direction over, securities of registrants and self-regulatory organizations -

- (a) in the case of members of the Commission, to the Minister; and
- (b) in the case of all other such persons to whom this by-law applies, to the Chairman of the Commission.

(2) Each member of the Commission shall report to the Minister, and every other person to whom this by-law applies shall report to the Chairman of the Commission, within five business days from the day on which a change takes place in his direct or indirect beneficial ownership of, or control or direction over, securities of a reporting issuer, disclosing -

- (a) his direct and indirect beneficial ownership of, or control or direction over, securities of a reporting issuer, at the end of that month; and
- (b) the change or changes that occurred during that month.

(3) Where the change in ownership in paragraph (2) relates to an interest in a collective investment scheme, each member of the Commission shall report to the Minister, and every other person to whom this by-law applies shall report to the Chairman of the Commission -

- (a) every three months where the change is part of a regularly scheduled, recurring pattern; and
- (b) within five business days from the day on which the change took place for any change other than in paragraph (a).

(4) The Minister may require a person to dispose of his beneficial interest in a security acquired as a result of a violation of this by-law.

Disclosure of interest

13. Every person referred to in by-law 10(1) who -

- (a) has any interest in a security of a reporting issuer, or any personal interest in any issuer or project that is the subject of, or part of the subject of any matter assigned to him as part of, his duties; or

- (b) had prior employment or other relationship to any person or project which may prejudice or affect his work, independence or impartiality on any assignment,

shall, if he is a member of the Commission, advise the Minister, or in any other case, advise the Chairman of the Commission.

Division 2 - Filings with the Commission

Filing of documents with Commission

- 14.** (1) Documents expressly required to be filed with the Commission shall be filed by -

- (a) mailing or delivering, such documents to the address of the Commission; or
- (b) providing to the Commission an electronic version of such documents in a format as may be required by the Commission.

(2) A document filed with the Commission under paragraph (1)(a) shall be deemed to be filed on the day which is the earlier of its actual receipt by the Commission and the day which such document is postmarked.

(3) A document filed with the Commission under paragraph (1)(b) shall be deemed to be filed on the day on which it is received by the Commission.

PART III

**THE TRINIDAD AND TOBAGO STOCK EXCHANGE
AND OTHER SELF-REGULATORY ORGANIZATIONS**

Application for registration as a self-regulatory organization

- 15.** (1) Application for registration, renewal or reinstatement as a self-regulatory organization under Part III of the Act shall be made on the approved form.

(2) Every self-regulatory organization shall have a designated person responsible for the discharge of its obligations under the Act who shall be the primary contact

with respect to all matters related to the Commission and who shall be a senior officer of the self-regulatory organization.

(3) Every self-regulatory organization shall notify the Commission-

(a) within three months of the coming into force of these By-laws, of the person designated under paragraph (2) ; and

(b) forthwith, of any change in the designated person.

Prescribed records for self-regulatory organizations

16. (1) A self-regulatory organization shall prepare and keep -

(a) in the case of a self-regulatory organization that is a securities exchange, a record of all orders or transactions in securities effected through the facilities of that securities exchange and the record shall identify the buying and selling broker-dealers, the price, quantity and account numbers of the buyers and sellers of the securities;

(b) in the case of a self-regulatory organization that is a securities exchange, a record of all granting, refusal or restrictions on membership, including the reasons for granting, refusing or imposing conditions on the applicant;

(c) in the case of a self-regulatory organization that is a clearing agency, records that provide an audit trail of transactions cleared and settled through its facilities including the time the transaction was cleared and settled, the name and quantity of the security and the time of the transaction, identities and where appropriate, the roles of the parties to the transaction;

(d) an annual report containing a management discussion and analysis and its annual audited comparative financial statements;

- (e) an annual audited report on the operations and financial conditions of a contingency fund or a settlement assurance fund maintained by the self-regulatory organization;
- (f) a record of all disciplinary matters involving members of the self-regulatory organization, detailing the nature of the matter, the names of members involved and the actions taken; and
- (g) a record of all written complaints made against the self-regulatory organization or a member regardless of whether any disciplinary action was taken, detailing the nature of the complaint, the names of the members involved, and the action taken, if any.

(2) A self-regulatory organization is required to file with the Commission the reports contained in by-law 16(1)(d) and (e) within one hundred and twenty days of its financial year end.

PART IV

REGISTRANTS

Division 1 - General

Designated
person

17. (1) Every reporting issuer and registrant registered under section 51(1) of the Act, shall have a designated person who shall be the primary contact with respect to all matters related to the Commission and, where applicable, shall be a senior officer.

(2) Every reporting issuer and registrant registered under section 51(1) of the Act shall notify the Commission of the person designated under paragraph (1) within three months of the coming into force of these By-laws.

(3) Where a registrant is an entity constituted in trust form, the trustees or such other persons as may be approved by the

Commission shall be responsible for the discharge of its obligations under the Act.

Division 2 - Registration under section 51 of the Act

Application for registration as a broker-dealer

Chap. 81:01

18. (1) Every applicant for registration, renewal or reinstatement to conduct the business activities of a broker-dealer shall -

(a) be a company incorporated in Trinidad and Tobago or incorporated in any other designated foreign jurisdiction and registered in Trinidad and Tobago as an external company under the Companies Act;

(b) have as its primary business an activity for which registration is required under section 51(1)(a) of the Act;

(c) not have direct or indirect interests which may conflict with, or be likely to affect the conduct and integrity of its business as a broker-dealer;

(d) satisfy the minimum capital requirements applicable to its class of business as set forth in by-law 27(1);

(e) have at least two brokering representatives registered under by-law 21 who each have at least three years securities related work experience;

(f) pay the relevant fee; and

(g) be fit and proper.

(2) A person registered as a broker-dealer is deemed to be registered as an investment adviser.

(3) A broker-dealer may perform the activities of an underwriter provided that-

(a) the applicant has in its employ at least one underwriting representative registered under by-law 21;

(b) the applicant pays the relevant fee; and

(c) the applicant meets any other conditions as the Commission may require.

(4) An application for registration under paragraph (1) shall be made on the approved form.

Application for registration as investment advisor

19. (1) Every applicant for registration, renewal or reinstatement to conduct the business activities of an investment adviser shall -

(a) in the case of an individual -

(i) be at least twenty-one years of age;

(ii) have a degree or professional qualification in economics, banking, law, accountancy, business administration, chartered secretaryship, finance or such other qualification or training from a university or other educational institution recognized by the Commission;

(iii) have at least three years securities-related work experience;

(iv) pay the relevant fee; and

(v) be fit and proper; or

(b) in the case of a company -

(i) be a company incorporated in Trinidad and Tobago or incorporated in any other designated foreign jurisdiction and registered in Trinidad and Tobago as an external company under the Companies Act;

(ii) have as its primary business an activity for which registration is required under section 51(1)(b) of the Act;

(iii) not have direct or indirect interests which may conflict with or be likely to affect the conduct and integrity of its business as an investment adviser;

Chap. 81:01

- (iv) have at least two advising representatives registered under by-law 21 who each have at least three years securities related work experience;
- (v) pay the relevant fee; and
- (vi) be fit and proper.

(2) Subject to paragraph (3), the following persons may perform the business activities of an investment adviser without registration under Part IV of the Act -

- (a) an insurance company registered under the Insurance Act and any director, officer or employee thereof;
- (b) a financial institution and any director, officer or employee thereof;
- (c) an Attorney-at-law or an accountant;
- (d) a publisher of, or writer for, a newspaper, news magazine, or business or financial publication that is of general and paid circulation, distributed only to subscribers to it for value or to purchasers of it, who -
 - (i) gives advice as an investment adviser either as such publisher or writer only, or as such publisher or writer and as an Attorney-at-law or an accountant;
 - (ii) discloses in the publication any direct or indirect beneficial ownership or other interest which he has in any of the securities in respect of which he gives investment advice;
 - (iii) discloses in the publication that he is not a registered investment adviser with the Commission; and
 - (iv) receives no commission or other consideration, directly or indirectly, from the issuer of the securities, or any affiliate or associate of the issuer of the

securities, in respect of which the investment advice given.

(3) The exemption under paragraph (2) is available to a person only if the performance of the services as an investment adviser is solely incidental to his principal business or occupation as stated in that paragraph.

(4) An application for registration under paragraph (1)(a) shall be made on the approved form.

(5) An application for registration under paragraph (1)(b) shall be made on the approved form.

Application for registration as an underwriter

20. (1) Every applicant for registration, renewal or reinstatement to conduct the business activities of an underwriter shall -

(a) be a company incorporated in Trinidad and Tobago or incorporated in any other designated foreign jurisdiction and registered in Trinidad and Tobago as an external company under the Companies Act;

(b) have as its primary business an activity for which registration is required under section 51(1)(c) of the Act;

(c) not have direct or indirect interests which may conflict with, or be likely to affect the conduct and integrity of its business as an underwriter;

(d) satisfy the minimum capital requirements set forth in by-law 27(1);

(e) have at least two underwriting representatives registered under by-law 21 who each have at least three years securities-related work experience;

(f) pay the relevant fee; and

(g) be fit and proper.

(2) An underwriter may perform the business activities of an investment adviser without registration so long as the performance of the activities of an investment adviser is solely incidental to its functions as an underwriter.

Chap. 81:01

(3) An application for registration under paragraph (1) shall be made on the approved form.

Registration of
Registered
Representatives

21. (1) Every individual to whom section 51(2) of the Act applies, shall be registered in one or more of the following categories:

(a) an advising representative;

(b) a brokering representative;

(c) an underwriting representative; or

(d) an associate representative.

(2) A registrant under section 51(1) of the Act shall submit a list of all registered representatives in its employment on the approved form and pay the relevant fee upon its application to register, renew or reinstate under section 52(1) of the Act.

(3) Where a registrant employs a registered representative subsequent to an application under paragraph (2), it shall submit the approved form in respect of that new registered representative and pay the relevant fee.

(4) The functions of a registered representative shall be restricted to the category of registration for which he is registered.

(5) For each registered representative in its employ, a registrant under section 51(1) of the Act shall maintain records evidencing that the registered representative meets the criteria set forth in by-law 22.

Requirements
for registration
of Registered
Representatives

22. (1) Every senior officer, agent or employee who is to be registered under by-law 21(1)(a),(b) or (c) shall-

(a) complete the approved form;

(b) be an individual of at least twenty-one years of age;

- (c) have a degree or professional qualification in economics, banking, law, accountancy, business administration, chartered secretaryship, finance or such other qualification or training from a university or other educational institution recognized by the Commission;
- (d) have a least two years working experience in a field specified in paragraph (c); and
- (e) be fit and proper.

(2) A senior officer, agent or employee applying for registration under by-law 21(1)(d) shall-

- (a) complete the approved form;
- (b) be an individual of at least twenty-one years of age;
- (d) be fit and proper; and

(d) be under the direct supervision of a registered advising, brokering or underwriting representative who is authorised to perform the class of activities for which the associate representative is being supervised.

Application for sponsored broker-dealer or investment adviser

23. (1) Every applicant for registration under section 51(5) of the Act shall -

- (a) be an individual of at least twenty-one years of age;
- (b) not be registered to conduct the activities under section 51(1) of the Act;

- (c) not be the senior officer or employee of a registrant registered under section 51(1) of the Act;
- (d) be registered as an individual in the category of broker-dealer or, investment adviser or any equivalent or similar category, under the securities legislation of a designated foreign jurisdiction, which registration shall be in good standing and not revoked, suspended or cancelled by the competent securities regulatory authority in the designated foreign jurisdiction;
- (e) at the time of the application not be the subject of any disciplinary proceedings by any self-regulatory organization or competent securities regulatory authority in any jurisdiction;
- (f) be a senior officer or employee of a broker-dealer or investment adviser, or any equivalent or similar entity, registered under the securities legislation of a designated foreign jurisdiction, which registration shall be in good standing and not revoked, suspended or cancelled by the competent securities regulatory authority in the designated foreign jurisdiction; and
- (g) be fit and proper.

(2) An application for registration under paragraph (1) shall be made on the approved form and accompanied by -

- (a) a letter from a broker-dealer or investment adviser registered under section 51(1) of the Act wherein the broker-dealer or, investment adviser agrees to sponsor the applicant for registration under section 51(5) of the Act;
- (b) evidence of due registration in good standing in a designated foreign jurisdiction required under paragraphs (1)(d) and (f); and
- (c) the relevant fee.

(3) The broker-dealer or investment adviser, identified in paragraph (2)(a), shall be responsible for the discharge of the obligations of the sponsored broker-dealer or investment adviser whom it agrees to sponsor pursuant to paragraph (2)(a) an applicant under section 51(5) of the Act and these By-laws in respect of the activities which the applicant conducts in the securities market in Trinidad and Tobago.

(4) A person registered under section 51(5) of the Act shall not engage in the business and activities of a broker-dealer or investment adviser in Trinidad and Tobago for more than ninety days in any one calendar year.

Division 3 – Registration under Section 54 of the Act

Approval of
substantial
shareholders

24. (1) An application for approval under section 54 of the Act shall be made on the approved form.

(2) In determining whether an applicant should be approved to become a substantial shareholder under section 54 of the Act, the Commission shall take into account-

(a) if an individual, whether he-

(i) is at least twenty-one years of age; and

(ii) is fit and proper; or

(b) if an entity, whether it is fit and proper.

Division 4 – Registration and Distribution Statements under Sections 61 and 62

Registration
Statement

25. (1) A registration statement under section 61(1) or a revised registration statement under section 61(2) of the Act shall be in the approved form and shall be accompanied by such documents as the Commission may require and the relevant fee.

(2) The notification of a limited offering pursuant to section 61(4)(a)(i) and 62(9)(a)(i) of the Act shall be on the approved form.

- Distribution Statement 26. A distribution statement required under section 62(2) of the Act shall be in the approved form and shall be accompanied by such documents as the Commission may require and the relevant fee.

PART V

OBLIGATIONS OF REGISTRANTS AND SELF-REGULATORY ORGANIZATIONS

Division 1 - Registrants under section 51(1) of the Act and self-regulatory organizations

- Capital requirements and notification 27. (1) A registrant registered under section 51(1) of the Act shall maintain at all times capital levels as follows:
- (a) in the case of a broker-dealer-
 - (i) that only conducts the business of effecting transactions in securities for the account of others, minimum capital of two million dollars, of which at least one million dollars shall be regulatory capital; or
 - (ii) that conducts the business of effecting transactions in securities for the account of others or buying and selling securities for his own account and who holds himself out as willing to buy and sell securities at prices specified by him, minimum capital of five million dollars, of which at least two million dollars shall be regulatory capital;
 - (b) in the case of a broker-dealer that also conducts the activities of an underwriter, minimum capital of six million dollars, of which at least three million shall be regulatory capital;
 - (c) in the case of an underwriter, minimum capital of five million dollars, of which at least two million dollars shall be regulatory capital; or

(d) in the case of an investment adviser, minimum capital of fifty thousand dollars, all of which shall be regulatory capital.

(2) The capital levels set forth in paragraph (1) are the prescribed levels of capitalization for the purpose of section 57(1)(f) of the Act.

(3) The capital levels that shall be applied to registrants specified in this by-law may be determined by the Commission in accordance with international standards and modified from time to time by order of the Commission.

Quarterly
calculation of
capital
requirements

28. (1) A registrant registered under section 51(1) of the Act shall file with the Commission within thirty business days following the end of each quarterly period in the financial year of such registrant -

(a) a statement -

(i) setting forth the capital levels of the registrant as at the last day of the end of such quarterly period; and

(ii) setting forth the calculation utilized to determine the capital levels disclosed in paragraph (1)(a)(i);

(b) a certificate of a senior officer of the registrant confirming the accuracy of the statement required by paragraph (1)(a);

(c) a statement of any additions or withdrawals of equity capital within the quarterly period.

Record keeping by
registrants

29. (1) A registrant or self-regulatory organization shall, where applicable, maintain records in a manner that permits it to be provided promptly to the Commission and such records shall -

(a) clearly record all of its business transactions and financial affairs that are conducted in Trinidad and Tobago;

(b) permit the timely creation and audit of financial statements and other financial information

required to be filed or delivered to the Commission;

- (c) permit the determination of the registrant's capital position;
- (d) demonstrate compliance with the registrant's capital and insurance requirements;
- (e) demonstrate compliance with the registrant's policies and procedures, including internal control procedures;
- (f) permit the identification and segregation of client assets, cash, securities and other property;
- (g) identify all transactions conducted on behalf of the registrant and each of its clients, including the parties to the transaction and the terms of purchase or sale;
- (h) provide an audit trail for -
 - (i) client instructions and orders; and
 - (ii) each trade transmitted or executed for the account of a client or the registrant;
- (i) permit the creation of account activity reports for clients;
- (j) demonstrate compliance with client account opening requirements;
- (k) document correspondence and other communication with clients;
- (l) document complaints and disciplinary matters;
- (m) document compliance and supervisory actions taken by the registrant; and
- (n) demonstrate compliance with the registrant's obligations under the Act and these By-laws.

(2) The books and records required to be kept in accordance with the Act and these By-laws shall be kept in English -

- (a) in Trinidad and Tobago; or
- (b) where the registrant is domiciled in a jurisdiction outside of Trinidad and Tobago, such books and

records may be kept in a designated foreign jurisdiction, subject to the approval of the Commission and on such terms and conditions as the Commission may require.

Adequate precautions and access

30. A registrant or self-regulatory organization may only record or store information using mechanical, electronic or other devices if -

- (a) the method used is not prohibited by law;
- (b) the registrant or self-regulatory organization takes adequate precautions, appropriate to the methods used, to guard against falsification of, or tampering with, the information recorded or stored; and
- (c) the registrant or self-regulatory organization provides a means for making the information available in an accurate and easily understood form within a reasonable time to any person lawfully entitled to examine the information.

Records of original entry

31. A registrant registered under section 51(1) of the Act as a broker-dealer or underwriter shall keep records of original entry which shall contain an itemized daily record of -

- (a) all purchases and sales of securities;
- (b) all receipts and deliveries of securities including certificate numbers;
- (c) all receipts and disbursements of cash;
- (d) all other debits and credits;
- (e) the account for which each transaction was effected;
- (f) the name of the securities to which each transaction recorded applies, their class or designation, and their number or value;
- (g) the unit purchase or sale price, if any;
- (h) the aggregate purchase or sale price, if any; and
- (i) the trade date and the name or other designation of the person from whom the securities were

purchased or received, or to whom they were sold or delivered.

Ledgers

32. A registrant registered under section 51(1) of the Act as a broker-dealer shall keep ledgers or other records which shall reflect -

- (a) in detail, the assets, liability and capital accounts and the income and expenditure accounts;
- (b) securities in transfer;
- (c) dividends and interest received;
- (d) securities borrowed and securities loaned;
- (e) money borrowed and money loaned, together with a record of related collateral and substitutions in the collateral; and
- (f) securities that the registrant should have, but has not received, or has failed to deliver.

Ledger account

33. Ledger accounts of a registrant required to be kept by by-law 32 shall be itemized separately showing -

- (a) each cash and margin account of each client;
- (b) all purchases, sales, receipts and deliveries of securities and commodities for the account; and
- (c) all other debits and credits to the account.

Securities record

34. A registrant registered under section 51(1) of the Act as a broker-dealer shall keep a securities record which shall show separately for each security, as at the trade date or settlement date -

- (a) all long and short positions, including securities in safekeeping, carried for the account of the registrant, or for the account of clients;
- (b) the location of all securities sold long, and the position offsetting securities sold short; and
- (c) in all cases, the name or designation of the account in which each position is carried.

Order and instructions

35. A registrant registered under section 51(1) of the Act as a broker-dealer shall keep a record of each order and any other

instructions given or received, for the purchase or sale of securities, whether executed or not, and shall show with respect to each order and instruction -

- (a) its terms and conditions;
- (b) any modification or cancellation of it;
- (c) the account to which it relates;
- (d) where it is placed by an individual, other than -
 - (i) the person in whose name the account is operated; or
 - (ii) the individual who is duly authorized to place orders or instructions on behalf of a client that is a company,the name or designation of the individual placing it;
- (e) its time of entry and, where applicable, a statement that it is entered under the exercise of a discretionary power of the registrant or an employee of the registrant;
- (f) the price at which it was executed; and
- (g) the time of its execution or cancellation.

Confirmation and notice

36. A registrant registered under section 51(1) of the Act as a broker-dealer shall keep a record of confirmations and notices which shall consist of -

- (a) a copy of every confirmation for each purchase and sale of securities required by section 109 of the Act; and
- (b) a copy of every notice of all other debits and credits of securities, cash and other items for the accounts of clients.

Cash and margin account

37. A registrant registered under section 51(1) of the Act as a broker-dealer shall keep a record of cash and margin accounts which shall show, with respect to each cash account and margin account for each client -

- (a) the name and address of the beneficial owner of the account and of the guarantor, if any;

- (b) where the trading instructions are accepted from a person other than the client, written authorization or ratification from the client naming that person; and
 - (c) in the case of a margin account, an executed margin agreement containing the signature of the beneficial owner and the guarantor, if any, and any additional information prescribed under the Act, but in the case of a joint account or an account of a company, the record is required only in respect of the person duly authorized to transact business for the account.
- Option records **38.** A registrant registered under section 51(1) of the Act as a broker-dealer shall keep an options record which shall show -
- (a) all puts, calls, spreads, straddles and other options granted or guaranteed by the registrant or in which he has any direct or indirect interest; and
 - (b) the identification of the securities to which the put, call, spread, straddle or other option relates.
- Audited annual comparative financial statements of registrants **39.** (1) A registrant registered under section 51(1) of the Act shall file with the Commission, within ninety days of the end of each financial year of such registrant, audited annual comparative financial statements relating separately to-
- (a) the period that commenced on the date of incorporation or organization and ended as of the close of the first financial year or, if the registrant has completed a financial year, the last financial year; and
 - (b) the period covered by the financial year immediately preceding the last financial year, if any.
- (2) No person shall be appointed to act as the auditor of a registrant for the purposes of this by-law unless such person is a member in good standing of the ICATT or its equivalent in a designated foreign jurisdiction and meets any other requirements as the Commission may order.
- (3) The Commission may, where the report of the auditor required by paragraph (2) is qualified in any respect, take any

action that it deems necessary until the matters giving rise to the qualified audit report are resolved.

(4) The auditor shall, where he is, in the course of performing his duties required by paragraph (2), of the opinion that a matter could give rise to a qualification in the audit report on the financial statements, provide notice to the Commission immediately and deliver a copy of the notice promptly to the registrant.

(5) The notice required in paragraph (4) shall contain complete details about the circumstances giving rise to the notice.

Interim financial statements

40.

(1) A registrant registered under section 51(1) of the Act shall file with the Commission, an interim financial statement

-

(a) where the registrant has not completed its first financial year, for the period commencing with the beginning of that financial year and ending six months before the date on which that financial year ends; or

(b) where the reporting issuer has completed its first financial year, for the period commencing after the end of its last completed financial year and ending six months after that date, including a comparative financial information to the end of the corresponding period in the last financial year.

(2) The interim financial statement required under paragraph (1) shall be filed with the Commission within sixty days of the end of the period to which it relates.

(3) An interim financial statement need not be filed under paragraph (1) for any period that is less than six months.

(4) An interim financial statement filed under paragraph (1) need not include an auditor's report, but if an auditor has been associated with that statement, his audit report or his comments on the unaudited financial information shall accompany the statement.

Financial statements to

41.

A registrant registered under section 51(1) of the Act shall -

customer by
registrants

(a) when requested by a client -

(i) forthwith provide the client with a copy of the most recently prepared audited financial statements of the registrant, as filed with the Commission or self-regulatory organization of which the registrant is a member; and

(ii) a list of the names of the senior officers of the registrant, prepared and certified as of a date not more than thirty days before the request; and

(b) inform its clients on every statement of account or by other means approved by the Commission that the audited financial statements referred to in paragraph (a) are available on request.

Education and
training

42. A registrant registered under section 51(1) of the Act shall ensure that its employees, senior officers and other agents have such education and training as are reasonably necessary to ensure that its business as a registrant is conducted ethically and in accordance with industry practice.

Standards of
investment for
filing

43. (1) A registrant registered under section 51(1) of the Act shall develop written policies that maintain standards ensuring fairness in the allocation of investment opportunities among its clients.

(2) A registrant registered under section 51(1) of the Act shall submit a copy of its policies developed pursuant to paragraph (1) to the Commission upon request by the Commission.

(3) A registrant registered under section 51(1) of the Act shall provide a copy of its policies referred to in paragraph (1) to each client at the time he becomes a client of the registrant.

Statements of
accounts

44. (1) Where a client has a debit or credit balance with a registrant registered under section 51(1) of the Act as a broker-dealer, or a registrant registered under section 51(1) of the Act as a broker-dealer is holding securities of a client, the registrant

shall send a statement of account to that client at the end of each month in which the client effects a transaction.

(2) Where a registrant registered under section 51(1) of the Act as a broker-dealer is holding funds or securities of a client on a continuing basis, the registrant shall forward, not less than once in every three months, a statement of account to the client showing-

- (a) in the case of funds, any debit or credit balance; and
- (b) in the case of securities, the details of any securities held.

(3) A statement of account sent under paragraph (1) or (2) shall indicate clearly which securities are held for safekeeping.

Acknowledgement of record entry transfers in contract 45. A registrant registered under section 51(1) of the Act as a broker-dealer shall obtain a written acknowledgment from each client that any securities beneficially owned by the client may be kept by means of record entries with a clearing agency.

Branch offices 46. (1) A registrant shall apply in accordance with section 56(6) of the Act for the registration of a new branch office, where it proposes to conduct the categories of business for which it is registered at that branch office and the application shall be accompanied by such documents as the Commission may require and the relevant fee.

(2) The Commission may, approve a branch office in Trinidad and Tobago, on such terms and conditions as it considers appropriate.

Division 2 - Registrants under section 61 of the Act

Filing of annual report 47. For the purpose of section 63(a) of the Act, an annual report of a reporting issuer shall -

- (a) contain the annual comparative financial statements;
- (b) contain a management discussion and analysis and such other information as the Commission may require; and

(c) be filed with the Commission annually within one hundred and twenty days of the financial year end of the reporting issuer.

Annual comparative financial statements

48. (1) For the purposes of section 65(1) of the Act, the annual comparative financial statements of a reporting issuer shall be audited and shall be filed with the Commission annually within ninety days of the financial year end of the reporting issuer.

(2) In addition to the requirements set forth in by-law 3, the annual comparative financial statements of a reporting issuer that is a collective investment scheme shall include a statement of changes in net assets attributable to holders of redeemable shares.

(3) In addition to the requirements set forth in by-law 3, the interim financial statements of a reporting issuer that is a collective investment scheme shall include a statement of changes in net assets attributable to holders of redeemable shares for the periods specified in section 66(1) of the Act.

(4) Notwithstanding paragraphs (2) and (3) the content of the financial statements for a reporting issuer that is a collective investment scheme may be varied or amended in such manner as may be determined by the Commission from time to time.

Certification of annual and interim comparative financial statements for collective investment schemes

49. The annual and interim comparative financial statements of a reporting issuer that is a collective investment scheme shall be certified, if the reporting issuer is organized or constituted-

(a) as a company, by the directors of the reporting issuer, and the approval shall be evidenced by the signatures of two directors duly authorized to signify the approval;

(b) as a trust, by the trustees of the reporting issuer, and the approval shall be evidenced by the signatures of two trustees duly authorized to signify the approval; and

(c) other than as a company or a trust, by any two persons authorized to sign on behalf of the reporting issuer, and the approval shall be evidenced by the signatures of two such persons duly authorized to signify the approval.

Management discussion and analysis

50. (1) The management discussion and analysis of a reporting issuer shall include a discussion of the following items for the financial year of the reporting issuer for which the management discussion and analysis is being prepared, and a comparative discussion for the financial year immediately preceding such financial year:
- (a) the overall performance of the reporting issuer including -
 - (i) its year-end financial condition, its results of operations, and cash flows;
 - (ii) general industry and economic factors affecting the reporting issuer; and
 - (iii) changes in the business during the financial year and how those changes have impacted financial condition and performance;
 - (b) the results of operations for the reporting issuer, including -
 - (i) net sales or revenues for the financial year, including the impact of new goods or services and factors affecting changes in sales;
 - (ii) cost of sales;
 - (iii) expenditures in the financial year including research and development, administration and marketing costs, and other material expenses;
 - (iv) trends, commitments, events, risks or other factors that the reporting issuer believes may materially affect the future results of operations of the reporting issuer; and
 - (v) unusual or infrequent factors or transactions which affected results of operations for the financial year;
 - (d) the liquidity position of the reporting issuer, including -
 - (i) the cash and cash equivalents of the reporting issuer in both the short and long term, and the

- sufficiency of such cash and cash equivalents to meet planned goals and objectives;
- (ii) working capital requirements;
- (iii) working capital deficiencies, and the reporting issuer's plans to deal with such deficiencies;
- (iv) the impact of balance sheet items or cash flows on the liquidity or working capital position of the reporting issuer; and
- (v) defaults on any debt obligations and the effect of such defaults on the reporting issuer;
- (e) the capital resources of the reporting issuer including -
 - (i) the amount, nature and purpose of capital expenditures required;
 - (ii) the sources of funds to meet capital requirements; and
 - (iii) sources of financing for the reporting issuer, including sources that have been arranged but not yet used;
- (e) material transactions between the reporting issuer and its affiliate, including -
 - (i) identification of the affiliate of the reporting issuer;
 - (ii) determination of the transaction price; and
 - (iii) the on-going relationship between the reporting issuer and the affiliate of the reporting issuer; and
- (f) accounting policies of the reporting issuer, including -
 - (i) all changes in accounting policies during the financial year, the reason for such change, and the policy currently adopted by the reporting issuer; and
 - (ii) accounting policies which are critical to the reporting issuer in that they required judgments, estimates or uncertainties where the use of different judgments, estimates or uncertainties

may result in materially different amounts reported in the financial statements of the reporting issuer.

(2) Notwithstanding paragraph (1), a management discussion and analysis of a reporting issuer may discuss such other matters which the reporting issuer reasonably believes are necessary for a full, true and complete understanding of the financial results, financial position and future prospects of the reporting issuer.

(3) Notwithstanding paragraph (1), a reporting issuer is not required to make disclosure of any matter in a management discussion and analysis which is not material to the reporting issuer, or which is inapplicable given the business and operations of the reporting issuer.

(4) A management discussion and analysis shall be prepared in plain language and in a format that is easy to read and understand.

Acceptable
accounting
principles

51. For the purposes of sections 65(1) and 66(1) of the Act in respect of a reporting issuer that is an approved foreign issuer, any body of accounting principles that would be permitted to be used by the approved foreign issuer under the securities laws of a designated foreign jurisdiction in which the approved foreign issuer is subject to foreign disclosure requirements, shall be considered financial reporting standards for the purposes of the Act and these By-laws.

Filing of
material sent to
security holders
or filed abroad

52. (1) Every reporting issuer shall file with the Commission in the manner specified in by-law 14 -

(a) a copy of all material sent by the reporting issuer to its security holders pursuant to the Act and these By-laws; and

(b) all elective information not already filed with the Commission, whether in the same or a different form.

(2) For the purpose of paragraph (1)(b), "elective information" means information that is filed with or delivered to-

- (a) a government of another jurisdiction;
- (b) a financial regulator of another jurisdiction; or
- (c) a securities exchange of another jurisdiction,

on the basis that it is material to investors but does not include information that is specifically required to be filed or delivered in the other jurisdiction in accordance with the applicable law or, the rules or regulations of the securities exchange.

(3) Any document or information required to be filed with the Commission as a result of paragraph (1) shall be filed with the Commission forthwith after the reporting issuer sends the information referred to in paragraph (1)(a) to its security holders.

(4) Information that is filed with the Commission pursuant to paragraph (1)(b) and that has been filed on a confidential basis in all other jurisdictions in which it is filed, shall be kept confidential so long as it remains confidential in all those other jurisdictions.

Notification of 53.
changes

(1) For the purposes of section 56(4) of the Act, the prescribed events are those set forth in Schedule 3.

(2) For registrants registered under section 51(1) of the Act, the prescribed time for notifications to be sent to the Commission in accordance with section 56(4) of the Act shall be seven days from the date of the occurrence of the prescribed event.

(3) For registrants registered under section 61(1) of the Act, the prescribed time for notifications to be sent to the Commission in accordance with section 56(4) of the Act shall be fourteen days from the date of the occurrence of the prescribed event, unless the Commission specifies otherwise.

(4) Notwithstanding paragraph (3), the prescribed time for the notification to be sent to the Commission with respect to paragraph (e) of List B of Schedule 3 of these By-laws shall be quarterly within five business days of the end of the quarter.

PART VI MARKET CONDUCT AND REGULATION

Trading
confirmations

54. The confirmation of a trade required by section 109 of the Act shall contain the following information:

- (a) whether or not the registrant acted as principal or agent;
 - (b) the price at and the consideration for which the sale or purchase was effected;
 - (c) the commission charged in connection therewith and any other charges incurred;
 - (d) the date and time at which the purchase or sale took place; and
 - (e) the name of the market in which the trade took place.
- Client accounts 55. Payments made into client accounts for the purposes of section 107(1)(a) and (b) of the Act, shall be made within three business days of the transaction.
- Trades
conducted other
than through a
securities
exchange 56. For the purposes of section 86 of the Act, the report, on the approved form, shall be filed with the Commission within ten business days following the end of each quarterly period in the financial year of the registrant.
- Separate
supervision of
accounts and
pooling 57. A registrant registered under section 51(1) of the Act shall ensure that the account of each client is supervised separately and distinctly from the accounts of other clients.
- Segregation of
client securities 58. (1) Securities that are held by a registrant for a client pursuant to an agreement between the registrant and the client and that are unencumbered shall be kept apart from all other securities and be identified as being held for a client in the records of a registrant required to be kept under by-laws 29 to 38.
- (2) Securities that are held under paragraph (1) may be released only on an instruction from the client and not solely because the client has become indebted to the registrant.
- (3) A registrant registered under section 51(1) of the Act solely as an investment adviser shall not keep securities for, or on behalf of, a client.

- Improper use of client assets 59. No registrant registered under section 51(1) of the Act shall-
- (a) make improper use of a client's securities or funds;
or
 - (b) borrow, lend, pledge or otherwise use a client's funds or securities without the client's written authorization.
- Know your client 60. (1) A registrant registered under section 51(1) of the Act shall take reasonable steps to-
- (a) establish the identity of a client and, where there may be cause for concern, the reputation of the client;
 - (b) ascertain whether the client is a senior officer of a reporting issuer;
 - (c) ensure that it has sufficient personal and financial information about a client to enable it to meet its obligations when it-
 - (i) makes a recommendation to the client;
 - (ii) accepts an instruction to trade from the client;
 - (iii) makes a discretionary purchase or sale of securities on behalf of the client; and
 - (d) establish the creditworthiness of a client, if the registrant is financing the client's acquisition of a security.
- (2) If the client of the registrant registered under section 51(1) of the Act is an entity, the registrant shall, in order to comply with the obligation under paragraph (1)(a), establish-
- (a) the nature of the client's business;
 - (b) the identity of any directors; and
 - (c) the identity of any person who owns ten per cent or more of the paid-up share capital of the entity.
- (3) The registrant registered under section 51(1) of the Act must make reasonable efforts to keep the information required under this by-law up to date.

Suitability
obligation

61. (1) By-law 60(1) does not apply to a registrant registered under section 51(1) as a broker-dealer in respect of a trade executed by him on the instructions of another registrant or a financial institution.

(2) Pursuant to section 98(1)(a) of the Act, if a client instructs a registrant registered under section 51(1) or (5) of the Act to buy, sell or hold a security and the registrant, acting reasonably, is of the opinion that carrying out the instruction would not be suitable for the client, the registrant shall inform the client of the registrant's opinion and shall not buy or sell the security unless the client instructs the registrant to proceed nonetheless.

Discretionary
Trading

62. (1) A registrant registered under section 51(1) of the Act as a broker-dealer shall not execute any trade for a client unless the registrant has the client's prior authorization for the transaction.

(2) A registrant registered under section 51(1) of the Act as a broker-dealer, may only execute investment discretion over a client's account if -

(a) it has entered into a written agreement with the client granting such authority; and

(b) the agreement has been signed and approved by a senior officer of the registrant prior to the first transaction for the client.

Executing order
name or code

63. Where a registrant registered under section 51(1) of the Act as a broker-dealer opens and trades on an account on behalf of a client and executes the orders of a client in its own name or identifies the client by means of a code or symbol, a registrant who transacts business with another registrant concerning those orders shall establish the credit worthiness of the other registrant but need not otherwise determine the suitability of a trade for the client of the other registrant.

- Supervision,
compliance and
risk
management
systems
- 64.** (1) A registrant shall establish, maintain and apply a system of controls and supervision sufficient to –
- (a) provide reasonable assurance that the entity and each individual acting on its behalf complies with:
 - (i) the Act, By-laws or any other By-laws; and
 - (ii) any other law dealing with anti-money laundering or combating the financing of terrorism; and
 - (b) manage the risks associated with its business in conformity with prudent business practices.
- (2) The system of controls referred to in paragraph (1) shall be documented in the form of written policies and procedures.
- Complaints
- 65.** A registrant shall establish effective complaints handling systems and procedures to ensure that –
- (a) adequate records of complaints, including a central register, are established and maintained;
 - (b) all complaints are responded to within a reasonable timeframe;
 - (c) all written complaints are responded to in writing; and
 - (d) reasonable efforts are undertaken to ensure that each complaint is effectively and fairly resolved.

PART VII

CONFLICTS OF INTEREST

- Related parties
of registrants
- 66.** (1) For the purposes of by-laws 67 to 71 –
- "related party of a registrant" means, in respect of a registrant registered under section 51(1) of the Act-

- (a) any person who-
 - (i) beneficially owns, or exercises control or direction over, securities, which constitute in the aggregate more than thirty per cent of the outstanding securities of any class or series of voting securities of the registrant; or
 - (ii) would, upon the conversion or exchange of any security or the exercise of any right to convert or exchange securities into voting securities or to acquire voting securities or securities convertible or exchangeable into voting securities, beneficially own or exercise control or direction over, securities, which constitute in the aggregate more than thirty per cent of the outstanding securities of any class or series of voting securities of the registrant; or
- (b) any entity in which-
 - (i) the registrant beneficially owns, or exercises control or direction over, outstanding securities which constitute in the aggregate more than thirty percent of the outstanding securities of any class or series of voting securities of the person; or
 - (ii) the registrant, upon the conversion or exchange of any security or the exercise of any right to convert or exchange securities into voting securities or to acquire voting securities or securities convertible or exchangeable into voting securities, would beneficially own or exercise control or direction over, securities, which constitute in the aggregate more than thirty per cent of the outstanding securities of any class or series of voting securities of the person.

(2) Notwithstanding paragraph (1), a person is not a related party of a registrant solely because the registrant, acting as an underwriter and in the ordinary course of its business, owns securities issued by the person in the course of a distribution.

Conflict of
interest rules
statement

67. (1) Every registrant registered under section 51(1) of the Act shall prepare and file annually with the Commission a conflict of interest rules statement in the approved form at the time it files its audited financial statements with the Commission.

(2) A registrant registered under section 51(1) of the Act shall provide free of charge a copy of its current conflict of interest rules statement to each of its clients at the time he becomes a client of the registrant.

(3) In the event of any material change in the information required to be contained in the conflict of interest rules statement, the registrant shall -

(a) forthwith prepare and file with the Commission a revised conflict of interest rules statement containing the information required by paragraph (1); and

(b) within thirty days of the filing of the revised conflict of interest rules statement with the Commission, provide to each of its clients a copy thereof.

Limitations on
trading - related
parties of
registrants

68. (1) No registrant registered under section 51(1) of the Act shall, as principal or agent, trade in or purchase a security from, or on behalf of, any client, where the security is issued by the registrant or a related party of the registrant.

(2) A registrant is not subject to the prohibition in paragraph (1) if -

(a) the registrant has, before entering into an agreement of purchase and sale respecting the security, delivered its current conflict of interest rules statement to the client, and all changes in such information required by by-law 67(3) to be included in the conflict of interest rules statement; or

(b) the client is purchasing as principal and is either a registrant or a related party of the registrant.

Limitations on advising - related parties of registrants

69. (1) No registrant registered under section 51(1) of the Act shall provide investment advice to any person where the security that is the subject of the investment advice is issued by the registrant or a related party of the registrant.

(2) A registrant registered under section 51(1) of the Act is not subject to the prohibition in paragraph (1) if before providing the investment advice -

(a) the registrant delivers its current conflict of interest rules statement to the person receiving the investment advice, and all changes in such information required by by-law 67(3) to be included in the conflict of interest rules statement; and

(b) the registrant discloses in writing the relationship between the registrant and the related party of the registrant to the person receiving the investment advice.

(3) Paragraph (1) does not apply if -

(a) the person receiving the investment advice is a registrant registered under section 51(1) of the Act or a related party of the registrant;

(b) the investment advice given by the registrant under section 51(1) of the Act is solely incidental to a trade or purchase of the security carried out by the registrant and no fee is charged for the investment advice other than the usual and customary commission for the trade or purchase; or

(c) by-law 70 applies.

Limitations on the exercise of discretion - related party of a registrant

70. (1) No registrant registered under section 51(1) of the Act shall in respect of any account or portfolio over which it has discretionary authority, purchase or sell a security on behalf of such account or portfolio where the security is issued by the registrant or a related party of the registrant.

(2) A registrant registered under section 51(1) of the Act is not subject to the prohibition in paragraph (1) if -

(a) prior to the purchase or sale of the security on behalf of the account or portfolio the registrant delivers its current conflict of interest rules statement to the client whose account or portfolio the registrant has discretionary authority over, and all changes in such information required by by-law 67(3) to be included in the conflict of interest rules statement; and

(b) the registrant has obtained the specific and informed written consent of the client to purchase or sell the security for or from his account or portfolio.

(3) Paragraph (1) does not apply if the client is a registrant under section 51(1) of the Act or a related party of the registrant.

(4) No registrant under section 51(1) of the Act shall make a loan from any account or portfolio of a client over which it has discretionary authority.

Confirmation
and reporting of
transactions in
securities of a
related party of
a registrant

71.

(1) The written confirmation of a transaction required by by-law 36 shall in the case of a security issued by the registrant or a related party of the registrant, state that the security was issued by the registrant or a related party of the registrant.

(2) Any report, other than the written confirmation required by by-law 36, sent or delivered by a registrant to a client respecting any trade or purchase of a security made by the registrant with, from or on behalf of the client, including a trade or purchase of a security for an account or portfolio of the client over which the registrant has discretionary authority, shall in the case of a security issued by the registrant or a related party of the registrant, state that the security was issued by the registrant or a related party.

PART VIII

DISTRIBUTIONS

- Advertisements in connection with a distribution
- 72.** For the purposes of section 74 of the Act, an advertisement used in connection with a distribution, in addition to the requirements of the Act -
- (a) shall contain the following statement:
“The Trinidad and Tobago Securities and Exchange Commission has not in any way evaluated the merits of the securities offered hereunder and any representation to the contrary is an offence.”; and
 - (b) shall not contain any fact not disclosed in a prospectus for which a receipt has been issued by the Commission.
- Advertisement in connection with certain exempt distributions
- 73.** For the purposes of the exemptions provided for in section 79(1)(l)(i) of the Act an advertisement announcing the completion of an exempt distribution shall contain -
- (a) the name of the issuer to which the distribution relates;
 - (b) the names of all registrants registered under section 51(1) of the Act which have participated in the distribution; and
 - (c) a statement that the distribution has been completed and that the advertisement is appearing as a matter of public record only.
- Risk disclosure statement for asset-backed securities
- 74.** The risk disclosure statement required by section 79(2) of the Act shall be in the approved form.

Re-sale
restriction
statement

75. For the purposes of section 79(3) of the Act, the certificate for a security distributed under an exemption contained in section 79(1)(a), (k), (l), or (m) of the Act shall contain the following statement:

“Unless permitted under the securities legislation of Trinidad and Tobago, the holder of these securities shall not trade the securities before [insert the date that is six months and a day after the distribution date].”

Submission to
jurisdiction for
approved
foreign issuers

76. (1) For the purposes of section 80(1)(a)(i) of the Act, the certificate stating that an issuer is an approved foreign issuer shall be in the approved form.

(2) For the purposes of section 80(1)(a)(v) of the Act, the form of submission to jurisdiction and appointment of agent for service of process shall be in the approved form.

(3) The form referred to in paragraph (2) shall be submitted to the Commission annually by the approved foreign issuer until six years after the repayment or maturity of any securities distributed by the approved foreign issuer in Trinidad and Tobago.

(4) Where the name or address of the person appointed as agent for service of process for an approved foreign issuer under section 80(1)(a)(v) of the Act changes, the approved foreign issuer shall revise the form referred to in paragraph (2) and submit it to Commission within thirty days of the change.

(5) For the purposes of section 80(1)(b)(ii) of the Act, the addendum to the prospectus or offering document of an approved foreign issuer shall be in the approved form.

Marketing
restrictions for
prospectus
offerings

77. No person shall, in connection with the marketing of, or solicitation of interest in the distribution of, a security by means of a prospectus, make any oral or written representation or disclose any fact to any person with respect to the issuer or the securities being distributed under the prospectus which is not contained in the prospectus for which a receipt has been issued by the Commission.

Advice to individual accredited purchasers

78. For the purposes of section 79(1)(l)(iii)(B) of the Act, a prescribed person is a brokering representative, advising representative or underwriting representative.

Post-Distribution statements

79. A post-distribution statement filed with the Commission under section 84 of the Act shall be in the approved form.

PART IX

SIMPLIFIED CLEARING FACILITIES

Notice to clearing agency of closing of securities register

80. For the purposes of section 130(1) of the Act, an issuer shall give the clearing agency no less than seven days' notice of its intention to close its securities register or fix a record date.

PART X

DEALINGS BY PERSONS CONNECTED WITH ISSUERS

Report by persons connected to a reporting issuer

81. The report required to be filed with the Commission under section 136 (1), (2), or (3) of the Act shall be in the approved form.

PART XI

CONTINGENCY FUND AND SETTLEMENT ASSURANCE FUND

Definitions and Application

82. (1) In this Part-

"claimant" means a person who makes a claim against a contingency fund or settlement assurance fund

except that the following shall not be regarded as claimants:

- (a) a member of a self-regulatory organization;
- (b) the holder of thirty per cent or more of the issued capital of the defaulting member of the self-regulatory organization; and
- (c) a broker-dealer;

"contingency fund" means a contingency fund required to be maintained pursuant to section 47(1) of the Act;

"settlement assurance fund" means a settlement assurance fund required to be maintained pursuant to section 47(2) of the Act;

"member", in relation to a self-regulatory organization means a company duly licensed as a member company of a self-regulatory organization that is a securities exchange;

(2) This Part applies only to a contingency fund or settlement assurance fund.

(3) A member shall participate in and contribute to a contingency fund and settlement assurance fund prescribed in this Part.

Purpose of funds – contingency fund and settlement assurance fund **83.**

(1) A contingency fund shall be used solely for the purpose of providing compensation to clients of a member who suffer a financial loss as a result of the insolvency, bankruptcy or default of a member up to the maximum established in the obligatory rules of governance of the contingency fund.

(2) A settlement assurance fund shall be used solely to address the failure of a member to deliver securities or monies required by the rules of governance of clearing agency up to the maximum established in the obligatory rules of governance of the settlement assurance fund.

Administration of fund **84.**

(1) A contingency fund or settlement assurance fund shall be vested in and managed by a board of trustees appointed by the board of directors of the self-regulatory organization.

(2) The board of trustees of a contingency fund or settlement assurance fund shall comprise at least three individuals with a quorum being the majority.

(3) Members of the board of trustees shall serve for a term of three years and are eligible for re-appointment.

(4) The appointment or removal of a member of the board of trustees shall be at the discretion of the board of directors of a self-regulatory organization.

(5) All administrative costs including the remuneration of the board of trustees if applicable may be paid from the resources of the fund.

(6) Any remuneration paid to the board of trustees shall be approved by the board of directors of the self-regulatory organization.

Power of trustees 85.

(1) The board of trustees of a contingency fund or settlement assurance fund may establish a trust account.

(2) The board of trustees of a contingency fund or settlement assurance fund may incorporate income realized through investments as part of the contingency fund or settlement assurance fund.

(3) A contingency fund or settlement assurance fund may be retained partly or wholly in the form of cash or may be invested or reinvested in such interest bearing securities as the board of trustees may from time to time deem appropriate.

(4) The board of trustees may pledge any or all of the securities in a contingency fund or settlement assurance fund to secure the payment of any borrowing effected by the board of trustees, the proceeds of which shall be used to settle claims against a contingency fund or settlement assurance fund.

(5) The board of trustees may examine all claims made against a contingency fund or settlement assurance fund for authenticity and shall accept all legitimate claims made against a contingency fund or settlement assurance fund.

(6) The board of trustees may make proposals to the board of the self-regulatory organization in respect of the operation of a contingency fund or settlement assurance fund.

(7) The board of trustees shall require all clients or members to do or concur in doing or permitting to be done in respect of a contingency fund or settlement assurance fund, at the expense of a contingency fund or settlement assurance fund all such acts and things as may be necessary or reasonably required for the purpose of -

- (a) enforcing rights and remedies; or
- (b) obtaining relief or indemnity from other parties to which a contingency fund or settlement assurance fund shall be or would become entitled or subrogated upon its paying for, or making good, any loss suffered by the client as a result of the default of a member of the self-regulatory organization.

(8) The acceptance by a claimant of compensation from the board of trustees shall constitute consent by the claimant to be a party either solely or jointly with the board of trustees who may, where they consider it expedient to do so, join as parties with the claimant in respect of an action against a member for indemnity or damages.

(9) Where the board of trustees join as parties in an action against a member, the board of trustees may determine the conduct and settlement of proceedings relating to such action and the claimant shall provide the board of trustees with the relevant information to determine whether or not to proceed with the action.

(10) The board of trustees shall approve all administrative expenses of a contingency fund or settlement assurance fund.

Obligatory rules of governance 86.

(1) A self-regulatory organization shall establish rules of governance for a contingency fund or a settlement assurance fund which comply with the Act and paragraph (2).

(2) For the purposes of section 39(1)(g) of the Act the rules of governance for a contingency fund or a settlement assurance fund shall contain provisions relating to -

- (a) the scope of the fund including-
 - (i) the contributions to be made by the members into a fund;

(ii) the criteria under which a claim may be considered and the form in which compensation may be paid; and

(iii) any limitation in respect of claims to be made against the fund inclusive of the maximum payment permissible per claimant, where applicable;

(b) disciplinary action to be taken against a member who is in breach of the rules of the fund; and

(c) general operating procedures including the procedure for the making and settlement of a claim including the timeframe in which a claim may be eligible.

(3) For the purposes of assessing claims made against a contingency fund or settlement assurance fund, the board of trustees-

(a) shall exercise their best efforts to obtain a statement of facts in relation to a claim made;

(b) may obtain information from such other sources as may be considered relevant in the evaluation of claims; and

(c) shall make every effort to settle claims within the limit set by the self-regulatory organisation.

(4) For the avoidance of doubt, in no case is there any legal right to compensation or any duty on the part of the board of trustees to award compensation with respect to any claim or a payment from a contingency fund or settlement assurance fund as an ex gratia payment.

(5) Subject to section 49 of the Act, no member of a self-regulatory organization shall take any proceedings in any court with respect to anything done or omitted to be done by the board of trustees in the exercise of their absolute discretion in the administration of a contingency fund or settlement assurance fund, or the application of its assets unless that member refers the decision of the board of trustees to the self-regulatory organization and the self-regulatory organization gives its decision thereon.

Accounting for the fund 87.

(1) The board of trustees of a contingency fund or a settlement assurance fund shall maintain appropriate

accounting records for the fund and submit annual financial statements to the self-regulatory organization.

(2) The financial year end of a contingency fund or a settlement assurance fund shall be December 31st of every calendar year or such other date as the self-regulatory organisation may determine subject to written notification being given to the Commission.

Appointment of auditors 88. (1) The board of directors of a self-regulatory organization shall appoint an auditor to audit the financial statements of a contingency fund or settlement assurance fund.

(2) An auditor appointed under paragraph (1) shall provide an opinion on the accounts of the contingency fund or settlement assurance fund which shall be available for inspection by members of the self-regulatory organization.

Refusal of claims 89. (1) If, after consideration by the board of trustees, a claim is refused, the claimant shall be notified of the reasons for the refusal and the claimant may appeal to the board of the self-regulatory organization.

(2) A refusal of a claim shall not prejudice the legal rights of the claimant as a creditor of the member of the self-regulatory organization in relation to whom the claim is made.

Winding up of fund 90. (1) A contingency fund or settlement assurance fund shall only be wound up in the event of dissolution of the self-regulatory organization.

(2) For the purposes of the winding up of a contingency fund or settlement assurance fund, the board of trustees shall first realize the assets of the fund and after meeting all liabilities, the assets so realized shall form part of the assets of the self-regulatory organization and shall be appropriated or utilized accordingly among the members of the self-regulatory organization.

PART XII

AUDITORS

- Acceptable auditors 91. For the purpose of section 65(6) of the Act in relation to a reporting issuer that is an approved foreign issuer, any auditor that would be permitted to be an auditor of the approved foreign issuer under the securities laws of a designated foreign jurisdiction under which the approved foreign issuer is subject to foreign disclosure requirements is an acceptable auditor under the Act.
- Qualifications of auditors 92. A registrant or self-regulatory organization shall not appoint an auditor unless-
- (a) the auditor is an entity having the capacity and resources to satisfactorily audit the registrant;
 - (b) at least one member of the auditor is a practising member in good standing with ICATT or such equivalent body and meets any other requirements as the Commission may approve; and
 - (c) each audit partner, having primary responsibility for the audit of the registrant is independent, within the meaning of by-law 93;
- Criteria for independence of auditors 93. (1) For the purposes of by-law 92(c), a member of an auditor is not independent of the registrant or self-regulatory organization if he-
- (a) is a connected party of the registrant or self-regulatory organization;
 - (b) beneficially owns or controls, directly or indirectly five per cent or more of the shares or other securities of the registrant or self-regulatory organization or of any of its affiliates;
 - (c) is indebted to the registrant or self-regulatory organization or any of its affiliates other than by virtue of a fully collateralized loan; or
 - (d) has within two years immediately preceding the appointment of the auditor, been a receiver, receiver-manager, liquidator or trustee in bankruptcy of any affiliate of the registrant or self-regulatory organization other than a subsidiary or affiliate acquired through a realization of security.

(2) For the purposes of paragraph (1)(a), a person is a connected party of a registrant or self-regulatory organization if the person-

(a) is a senior officer of the registrant or self-regulatory organization; or

(b) is a senior officer of—

(i) an affiliate of the registrant or self-regulatory organization; or

(ii) an entity that beneficially owns, directly or indirectly, or exercises control or direction over voting securities of the registrant or self-regulatory organization, carrying an aggregate of ten per cent or more of the votes attached to all outstanding voting securities of the registrant or self-regulatory organization.

Limit on time
frame of auditor
for SRO or
registrants

94. A member of an auditor shall not have primary responsibility for the audit of a registrant or self-regulatory organization for a period of more than five consecutive years.

Restrictions on
activities
provided by
auditors to SRO
or registrants

95. The auditor of a registrant or self-regulatory organization shall not provide to that registrant or self-regulatory organization-

(a) book-keeping or other services related to its accounting records or financial statements;

(b) financial information systems design and implementation services;

(c) actuarial services;

(d) internal audit outsourcing services; or

(e) such other non-audit related services as the Commission may specify.

- Appointment of auditor by the Commission 96. Where the Commission is not satisfied with the audited annual financial statements or report of the auditor appointed by a registrant or self-regulatory organization, the Commission may appoint another auditor to conduct an independent audit and shall fix the remuneration to be paid to the auditor by the registrant or self-regulatory organization.
- Notification in respect of auditors 97. A registrant or self-regulatory organization shall forthwith give written notice, together with reasons, to the Commission if-
- (a) it intends to terminate the appointment of its auditor before the expiration of its term of office;
 - (b) it intends to replace an auditor at the expiration of its term with a different auditor; or
 - (c) an auditor ceases to be an auditor of the registrant or self-regulatory organization in circumstances otherwise than those set out in paragraphs (a) and (b).
- Notice on resignation of auditor 98. The auditor of a registrant or self-regulatory organization shall forthwith give written notice to the Commission if he-
- (a) resigns before the expiration of his term of office; or
 - (b) does not seek re-appointment,
- together with reasons for such resignation or decision not to seek re-appointment.
- Notice of removal of auditor 99. Where the auditor of a registrant or self-regulatory organization is to be removed as a result of a disagreement with the senior officers of a registrant or self-regulatory organization, the auditor shall submit to the registrant or self-regulatory organization, and to the Commission, a written statement setting out the nature of the disagreement.
- Appointment of Replacement auditor 100. (1) Where the auditor of a registrant or self-regulatory organization has resigned or the appointment of the auditor has been revoked, no person shall accept an appointment as auditor of that registrant or self-regulatory organization until the person has requested and received from the auditor who

has resigned or whose appointment as auditor has been revoked, a written statement of the circumstances and reasons for such resignation or why, in the opinion of the former auditor, his appointment was revoked.

(2) Notwithstanding paragraph (1), a person may accept an appointment as auditor of a registrant or self-regulatory organization if, within fifteen days after a request under paragraph (1) is made, no reply from the former auditor is received.

**PART XIII
MISCELLANEOUS**

- | | |
|--|---|
| Imposition of
Penalty | 101. Where a person fails to comply with a requirement of these By-laws, the Commission may impose a penalty as set out in section 148(2A) or an administrative fine in accordance with section 156. |
| Securities
Industry Bye-
Laws revoked
Chap. 83:02 | 102. The Securities Industry Bye-Laws are revoked. |

SCHEDULE 1

FEES

<i>Proposed Registration and Renewal Fees for Registrants</i>		
	Initial	Renewal
Reporting Issuer	\$8,000	\$8,000
Broker Dealer	\$25,000	\$25,000
Broker-Dealer also conducting business as an Underwriter	\$30,000	\$30,000
Underwriter	\$20,000	\$20,000
Investment Adviser - Corporation	\$15,000	\$15,000
Investment Adviser - Individual	\$10,000	\$10,000
Registered Representative - per individual	\$2,000	\$2,000
Sponsored Broker-Dealer or Investment Adviser	\$5,000	n/a
Substantial shareholder - per shareholder	\$1,000	n/a
Branch Office - per office	\$3,000	\$3,000

<i>Proposed Registration and Renewal Fees for Self-Regulatory Organizations</i>		
	Initial	Renewal
Self-Regulatory Organization - Clearing Agency	\$50,000	the higher of \$30,000 or 0.02% of the profits of the clearing agency in the prior financial year
Self-Regulatory Organization - Stock Exchange	\$50,000	0.02% of value of transactions in each year based on audited financial statements

<i>Proposed Registration Fees for Securities</i>	
Filing of a Registration Statement	\$1,000
Market Access Fees for Securities (including close end CISs)	0.01% of the value of the funds raised subject to a minimum of \$1,000
Market Access Fees for open end CISs	0.01% of the value of funds raised in previous year (based on Audited accounts)

September 12, 2014

<i>Proposed Filing Fees</i>	
Filing of Prospectus	\$17,500
Filing of Information Memorandum	\$10,000
Filing of takeover bid-circular or Issuer Bid Circular	\$15,000
Filing of a Notice of Change or Notice of Variation under the Take-Over By-laws	\$1,000
<i>Other Proposed Fees</i>	
Inspection of and Extracts of Register	Nominal fee of \$100 per visit plus \$3.00 p/page copied
Application for de-listing a security from a SRO that is a Securities Exchange	\$1,000
Application for de-registration as a Reporting Issuer	\$1,000

<i>Proposed Inspection and Examination Fees</i>	
Compliance review	No Fee at this time
Examinations of Market Actors	No Fee at this time
Costs associated with an investigation	No Fee at this time

SCHEDULE 2

FIT AND PROPER REQUIREMENTS

1. For the purposes of this Schedule, “regulated activity” means the activity carried on or proposed to be carried on by a person that is required to be registered or approved by the Commission under the Act.
2. In considering whether a person is fit and proper for the purposes of any provision of the Act or these By-laws, the Commission shall, in addition to any other matter that the Commission may consider relevant, have regard to-
 - (a) the financial status or solvency of the person;
 - (b) the educational or other qualifications or experience of the person, having regard to the nature of the functions that, if the application is allowed or granted, the person will perform;
 - (c) the ability of the person to carry on the regulated activity or execute its fiduciary duty, competently and fairly;
 - (d) the reputation, character, reliability and financial integrity, of the person;
 - (e) where the person is an individual, the individual himself; or
 - (f) where the person is an entity, the entity and any senior officer or significant security holder of the entity.
3. Without limiting the generality of subsection (2), the Commission may in considering whether a person is fit and proper, take into account -
 - (a) any enforcement action or other decision made in respect of the person by the Commission or any other regulatory authority or any disciplinary action taken by a professional body in respect of that person including but not limited to:
 - (i) whether the person has been expelled from the Stock Exchange, any other self-regulatory organization or otherwise disqualified by a professional body in relation to any trade, business or profession;
 - (ii) whether the person’s registration to conduct securities business or other forms of financial business has been revoked by a securities regulator or any other financial regulatory authority;and

- (iii) whether the person has been charged or convicted of an offence under the Act or the former Act;
- (b) where the person is an individual-
- (i) his competence and soundness of judgment for fulfilling the responsibilities of the relevant position, the diligence with which he is fulfilling or likely to fulfil those responsibilities and whether the interests of investors, clients or potential investors or clients are, or are likely to be, in any way threatened by his holding that position;
 - (ii) whether the person has an employment record which leads the Commission to believe that the person carried out an act of impropriety in the handling of his employer's business;
 - (iii) whether the person has been the subject of an investigation conducted by a regulatory or criminal investigative body;
 - (iv) whether the person has been barred by the Commission, another regulator or court of law from working or otherwise holding a position of a senior officer within an entity which conducts business in the financial or securities industry of Trinidad and Tobago or elsewhere;
 - (v) whether the person has engaged in or been associated with any other business practices or otherwise conducted himself in such a way as to cast doubt on his competence or soundness of judgment; and
 - (vi) whether the person was a senior officer of an entity company which was-
 - (A) disqualified by any professional or regulatory body in relation to any trade, business or profession while he was a senior officer of that entity; and
 - (B) the subject of an investigation conducted by a regulatory or criminal investigative body while he was a senior officer of that entity;
- (c) any information in the possession of the Commission, whether provided by the person or not, relating to -
- (i) the person;

- (ii) any person who is or is to be employed by or associated with the person for the purposes of the regulated activity for which registration and approval is granted or the application is made;
 - (iii) any other person who will be acting for or on behalf of the person in relation to the related activity;
 - (iv) where the person is an entity which is part of a group of entities—
 - (A) any other entity in the same group; or
 - (B) any substantial shareholder or senior officer of any other entity in the group of entities; and
 - (v) the financial integrity of the person including but not limited to –
 - (A) whether the person has a receivership or bankruptcy order made against the person and whether such order remains undischarged; and
 - (B) whether the person has been charged at the time of the application, or been convicted at any time, of an offence involving fraud or dishonesty;
- (d) where the consideration relates to an application for registration under section 51(1) or as a self-regulatory organization, or to a current registrant of the Commission, excluding a reporting issuer, whether the person has established effective internal control procedures and risk management systems to ensure compliance with all applicable regulatory requirements; and
- (e) the state of affairs of any other business that the person carries on or proposes to carry on.

SCHEDULE 3

List A - Changes Requiring Notification by Registrants Registered under section 51(1) of the Act

For the purposes of section 56(4) of the Act and by-law 53, a registrant registered under section 51(1) of the Act shall notify the Commission in the approved form of any of the following in relation to the registrant:

- (a) the presentation of a petition for the winding up of the registrant or the summoning of any meeting to consider such a winding-up;
- (b) the application by another person for the appointment of a receiver, administrator or trustee of the registrant;
- (c) the appointment of inspectors by a domestic or foreign regulatory authority to investigate the affairs of the registrant;
- (d) any claims on or material changes to the indemnity insurance arrangements of the registrant;
- (e) any hiring, resignation, dismissal, or retirement of a senior officer, designated person, registered representative or an individual in charge of the operations of any branch office of the registrant, by or from the registrant and in the case of a dismissal, the reason therefor;
- (f) where the registrant becomes aware that any of its senior officers or registered representatives has been charged or convicted of fraud or any other offence involving dishonesty;
- (g) any material breakdown of administrative or control procedures, including breakdowns of computer systems or other problems resulting or likely to result in failure to maintain proper records, and the steps that the registrant proposes to take to correct the problem;
- (h) the date on which the registrant proposes to cease to carry on business for which registration is required under the Act and the reasons for the cessation;
- (i) a breach by the registrant of the requirements regarding financial resources, maintenance of any prescribed capital requirement under the Act and these By-laws, books and records and risk management and internal controls, together with details of the steps that it is taking to remedy the breach;

September 12, 2014

- (j) any change made to the ending date of the financial year of the registrant;
- (k) where the registrant has reason to believe that it may be unable to submit financial statements required under the Act and these By-laws within the time specified in the Act or these By-laws;
- (l) where the registrant has reason to believe that it may be unable to pay its annual renewal fees to the Commission;
- (m) the failure of any bank or other entity with which the registrant has deposited or to which it has passed client money, and for these purposes "failure" means the appointment of a liquidator, receiver, administrator or trustee in bankruptcy or any equivalent procedure in the relevant jurisdiction;
- (n) where the registrant is party to any legal proceeding in Trinidad and Tobago or elsewhere, and the actual or contingent claim, or any amount claimed or disputed by or against the registrant in relation to its business is likely to exceed ten per cent of its financial resources;
- (o) the opening and closing of any branch office in Trinidad and Tobago, of a person registered under 51(1) of the Act, and the name of the most senior person responsible for the operations thereof;
- (p) any change in the registered name, registered address or contact information of the registrant; or
- (q) any development that poses material risk to the operation of the registrant registered under section 51(1) of the Act.

