



## REGULATORY REQUIREMENTS FOR SUBSTANTIAL SHAREHOLDERS

The Securities Act, Chapter 83:02 (SA), endows the Trinidad and Tobago Securities and Exchange Commission (TTSEC) with various powers to oversee and foster a fair, orderly and efficient securities market in Trinidad and Tobago.

Under its mandate, the TTSEC is charged with the responsibility to “*regulate and supervise the timely, accurate, fair and efficient disclosure of information to the securities industry, and the investing public*”. This mandate, to supervise and regulate disclosures, is not restricted solely to persons who are registered with the TTSEC, but extends to both registered persons/entities(registrants) as well as certain unregistered persons (non-registrants).

‘Substantial shareholders’ is an example of a category of non-registrants to whom such regulatory and other disclosure requirements apply and are found within the SA and the Securities Industry (Take-Over) By-Laws, 2005 (the Take-Over By-Laws) collectively.

This article seeks to highlight and summarise the regulatory requirements for substantial shareholders.

### WHO/ WHAT IS A SUBSTANTIAL SHAREHOLDER?

A substantial shareholder is broadly defined as any person who beneficially owns, or has control of, over ten percent (10%) or more of voting securities, entitling him to cast at least ten percent (10%) of the total votes at any meeting of shareholders of a registrant.

The reference to a person includes both natural (individuals) and non-natural persons (entities and/or trusts) and for the remainder of this article, a registrant refers to either:-

- (1) *an entity that has issued securities to the member of the public (a reporting issuer); or*
- (2) *a person registered with the Commission to conduct business as a broker-dealer, underwriter or an investment adviser (a registrant under Section 51(1) of the SA).*

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Approval to become a substantial shareholder (Section 54 of the SA)

**A person shall not own, direct or have control over ten percent (10%) or more of voting securities of a person registered with the Commission to conduct business as a broker-dealer, underwriter or an investment adviser without the Commission’s approval.**

**A person wanting to become a substantial shareholder of a registrant registered under Section 51(1) of the SA, shall apply for and be granted approval from the Commission before acquiring ten percent (10%) or more of a voting interest of said registrant.**

However, this requirement of pre-approval from the TTSEC **does not extend to financial institutions registered under the Financial Institutions Act or other registrants registered under Section 51(1) of the SA.** In the case of the exemptions referenced above, approval is deemed automatically granted. Notwithstanding said approval, both financial institutions and registrants under section 51(1) must notify the TTSEC that they have become substantial shareholders of the registrant within one month of the occurrence of such event.

Persons who do not fall into the aforementioned categories for exemption from pre-approval, and who become substantial shareholders other than through the purchase of shares, are required to apply to the TTSEC for approval. Examples of such instances may include, but not be limited to, acquisition by will or intestacy. A person becoming a substantial shareholder under such circumstances is required to submit an application to the TTSEC within one month of becoming aware of same.

## **Notifications to the TTSEC and to the general public pursuant to the Securities Law**

### **Disclosure of trading activity (Section 136)**

#### **Substantial shareholders of reporting issuers are required to disclose their holdings of and their subsequent trading activities in the securities of the reporting issuer**

Substantial shareholders are required to disclose to the TTSEC their holdings of all securities (voting and non-voting). in the reporting issuer, for which they are a substantial shareholder. This disclosure is required to be made within five (5) business days of coming into possession of ten percent (10%) or more of the voting securities of the reporting issuer.

Additionally, substantial shareholders shall also disclose, to the TTSEC, all changes to their holdings in securities of the reporting issuer within five (5) business days of the occurrence of such changes.

The aforementioned disclosures are to be reported to the TTSEC on Form 22 – Trading Report of a Person Connected to a Reporting Issuer; a copy of which is required to be submitted to the reporting issuer forthwith thereafter.

### **The Take-Over By-Laws (By-Law 19)**

**The Take-Over By-Laws require a substantial shareholder to notify the TTSEC and the public of its acquisition of voting securities of the reporting issuer, once same is not being acquired pursuant to a formal issuer or take-over bid.**

The Take-Over By-Laws require substantial shareholders of a reporting issuer to notify the TTSEC, and the public, of their acquisition of voting or equity securities of any class of a reporting issuer, which would bring their aggregate holdings of securities of that class to ten percent (10%) or more of the outstanding securities. Notifications are required in all instances except pursuant to a formal issuer bid or take-over bid.

Substantial shareholders who have acquired ten percent (10%) or more of the outstanding voting securities of a reporting issuer are also required to notify the TTSEC and the public of every additional two percent (2%) or more of securities acquired.

In each case above, the public must be notified immediately upon the acquisition of the securities by way of a press release, which is also required to be filed with the TTSEC forthwith. The TTSEC, however, must also be notified by way of a report, within two (2) days of the acquisition of the securities.

By-Law 31 of the Take-Over By-Laws further sets out the information required to be contained in the report and press release referred to above. This includes, but is not limited to, the name of the offeror, number of securities that were acquired, the name of the market in which the acquisition took place and the names of all persons acting jointly with the offeror in connection with the securities of the offeree issuer.

In conclusion, the TTSEC wishes to urge substantial shareholders to ensure that they become familiar with the requirements above and to seek full compliance in respect of same.

**END**

For more information, please visit our corporate website, [www.ttsec.org.tt](http://www.ttsec.org.tt).  
You may also visit our Investor Education website at [www.investucatett.com](http://www.investucatett.com) or  
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