



Filing Obligations in the Securities Market Conclusion

In last week's article, the Trinidad and Tobago Securities and Exchange Commission ("TTSEC") outlined the main disclosure and filing requirements of the Reporting Issuer. In this article, we will discuss the disclosure and filing obligations of Registrants under section 51 of the Securities Act, 2012 ("SA 2012"). According to the legislation, Registrants are defined as persons registered or required to be registered under Part IV of the Act, these include entities conducting business activities of Investment Advisers, Broker-Dealers and Underwriters.

Investment Adviser, Broker-Dealer and Underwriter

An Investment Adviser provides investment advice in exchange for a fee while a Broker-Dealer, in addition to providing investment advice, buys and sells securities on behalf of its clients, as well as executes trades on its own behalf. Activities performed by Broker-Dealers include: Repurchase Agreement Selling, Collective Investment Scheme and Wealth Management and, Discretionary and Non-Discretionary Trading. On the other hand, an Underwriter provides services in connection to the distribution of securities. Within these Registrant categories, individuals can act on behalf of the entity and comprise the following:

Sponsored Broker-Dealer and Sponsored Investment Adviser

A Sponsored Broker-Dealer or Sponsored Investment Adviser is an individual registered under the securities legislation of a designated foreign jurisdiction and conducts business in securities in Trinidad and Tobago on behalf of a respective Broker-Dealer or Investment Adviser, for a period *not exceeding an aggregate of ninety (90) days* in any one (1) calendar year.

Registered Representative

An individual who is a senior officer, agent or employee of a Registrant who engages in any act, action or course of conduct in connection with the class of business activities of the Registrant is required to be registered as a Registered Representative in the respective category: Advising, Brokering or Underwriting.

The continuous disclosure and filing obligations of the Registrant

The requirements listed below are the main disclosure and filing obligations of the Registrant under the SA 2012, the Securities (General) By-Laws 2015 ("the By-laws") and the various Guidelines issued by the TTSEC.

1. ***Financial Statements*** – Registrants are required to file the following financial statements with the TTSEC in respect of their own operations (separate and apart from filings for any Collective Investment Scheme that it manages or operates):
 - a. Half Yearly Interim Financial Statements within sixty (60) days of the end of their half year period (in accordance with By-Law 40 of the By-Laws).
 - b. Audited Comparative Financial Statements within ninety (90) days of the end of their financial year (in accordance with By-Law 39 of the By-Laws).

Statements (a) and (b) above must be accompanied by the TTSEC's Form 11 – Financial Statement Certification.

2. ***Micro and Macro-Prudential Reporting Framework (“MMRF”) Forms*** – The MMRF is a framework developed by the TTSEC to gather financial data from Registrants and Self-Regulatory Organisations (persons registered under Section 36 of the SA 2012) which aid in the monitoring of the state of the financial health, soundness and stability of the securities sector and, in particular, key vulnerabilities and pressure points. These reporting forms must be filed with the TTSEC within thirty (30) days after the end of each quarter of the calendar year. While the MMRF consists of multiple forms, the reporting forms to be completed by Registrants will depend on the nature of the activities that they conduct.
3. ***Quarterly Confirmation of Capital Requirements*** –Capital requirement in this instance, also referred to as regulatory capital or capital adequacy, is the amount of capital a Registrant is required to preserve as stipulated by the TTSEC. A Registrant is required to maintain the capital levels as outlined under By-law 27 of the By-laws. These quarterly confirmations must be filed by way of the *Form 24 – Quarterly Capital Requirements with the TTSEC*, within thirty (30) business days after the end of each quarterly period in the financial year, in accordance with By-Law 28 of the By-Laws.
4. ***Conflict of Interest Rules Statement*** – The TTSEC supervises and minimises conflicts of interests that may arise in the case of Registrants or Self-Regulatory Organisations and where appropriate other market actors. The Conflict of Interest Rules Statement must be filed annually by way of the *Form 23 – Conflict of Interest Rules Statement with the TTSEC*, at the time of the filing of the audited financial statements, in accordance with By-Law 67 of the By-Laws.
5. ***Renewal of Registration*** – Registrants are required to renew their registration annually by submitting the relevant checklists, forms and documents and paying the relevant fees.

The registration of their Registered Representatives is valid for two (2) years from the effective date of registration of those Registered Representatives. As such, Registrants are required to renew their Registered Representatives every two years.

The registration of a Sponsored Broker-Dealer or Sponsored Investment Adviser should not exceed an aggregate of ninety (90) days in any one (1) calendar year. As such, Registrants are required to renew the registrations of these entities if the person is required to operate for a longer period as prescribed.

6. ***Notification of Changes*** – Registrants are required to notify the TTSEC of certain prescribed events (which are identified in List A of Schedule 3 of the By-Laws) in accordance with Section 56(4) of the SA 2012 and By-Law 53 of the By-Laws. These notifications must be filed with the Commission within seven (7) days of the event utilising the *Form 6 – Notification*.
7. ***Trading Reports*** – Registrants, in accordance with Section 86 of the SA 2012 and By-Law 56 of the By-Laws, are required to file a *Form 21 – Report by Registrant of Trades Executed other than through a Securities Exchange*, within ten (10) business days after the end of each quarterly period in its financial year. This form captures information on trades Registrants participated in where those trades were not executed through the facilities of a securities exchange.

The disclosure and filing of the above documents assist the TTSEC in protecting the integrity of the securities market and investors' rights against abuses arising from unfair and improper practices. Since a principal-agent relationship exists between the investor and the Registrant, where the Registrant (agent) acts on behalf of the principal (investor) to carry out the business activities for which the entity was hired, the TTSEC oversees the activities of the Registrant to ensure that the agent acts in the principal's best interest. Further, the information submitted through these filings allows the TTSEC to assess, measure and evaluate risk exposure in the securities industry and provide mitigating steps to reduce systemic risks.

Failure to file the aforementioned documents within the specified timeframe may constitute a contravention of the SA 2012 in respect of which, the TTSEC may impose a penalty for such failure in accordance with Section 156(2) of the SA 2012. Given the provisions of Section 156(2), the entity may be liable to pay an administrative fine of TT\$1,000.00 for each day that a document referred to above is not filed with the TTSEC within the specified timeframe.

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