



Filing Obligations in the Securities Market

In previous articles, the Trinidad and Tobago Securities and Exchange Commission (“TTSEC”) explained the various types of entities registered to conduct business activities in the securities market. Over the next two (2) articles, the TTSEC will discuss the filing obligations of these entities, specifically, the Reporting Issuer and Registrants. From September 2019 to September 2020, the securities market has shown significant growth of approximately 34% in the number of entities authorised to conduct business, as seen in Table 1.

Table 1: Growth of the securities market in relation to registered entities pursuant to the Securities Act, 2012 (“SA 2012”)

Category	Sep 2019	Sep 2020	Yearly Change
Registrants			
Broker-Dealer	35	39	11%
Investment Adviser		12	-20%
Underwriter	1	1	0%
- Registered Representative	283	430	52%
- Sponsored Broker-Dealer	5	6	20%
- Sponsored Investment Adviser	1	2	100%
Non-Registrants			
Reporting Issuer	87	85	-2%
Self-Regulatory Organisation	2	2	0%
Total	429	577	34%

These registered entities are responsible for meeting various types of disclosure and filing obligations pursuant to the Securities Act, 2012 (“SA 2012”) and the Securities (General) By-laws, 2015 (“the By-laws”), within certain prescribed timeframes. Through the review of these filings, amongst other tools, the TTSEC monitors the risk exposure of the registered entities and takes measures to protect the interest of stakeholders and the securities industry. Financial professionals and investors rely on disclosures or filings to analyse the company’s performance and make informed

decisions when deciding whether to invest in a company. Particularly, investors are mainly concerned with disclosures and filings of the Reporting Issuer and Registrants. The Reporting Issuer is the entity which issues the securities and is required to be registered under the SA 2012 before such securities are distributed to investors. Once the securities are distributed, the Registrants render investment advice and/or buy and sell these securities on the investor’s behalf. The following outlines the main disclosure and filing requirements of the Reporting Issuer.

The continuous disclosure and filing obligations of the Reporting Issuer

1. **Financial Statements** – These reports are written records that disclose the business activities and the financial performance of the company. The following reports must be sent to Reporting Issuer’s security holders within the same timeframe that they are required to be filed with the TTSEC:

- a. ***Interim Financial Statements*** – These reports convey the financial performance of a company for less than one (1) year and are not required to be audited. Section 66 of SA 2012 states that Reporting Issuers must file their Interim Financial Statements with the TTSEC within 60 days of the end of the financial period to which they relate. Interim Financial Statements must be prepared on a quarterly basis for the Reporting Issuer’s first three financial quarters of each year.
- b. ***Audited Comparative Financial Statements*** – These reports convey the financial performance of a company for comparative periods and are prepared in accordance with accounting standards. These reports must be audited by an independent and certified accountant. Section 65 of the SA 2012 requires that Reporting Issuers file their Audited Comparative Financial Statements with the TTSEC on an annual basis. By-law 48 of the By-laws stipulates that these Audited Comparative Financial Statements must be filed with the TTSEC within 90 days of the Reporting Issuer’s financial year end.
- c. ***Annual Report*** – Section 63 of the SA 2012 requires that Reporting Issuers file a copy of their Annual Report with the TTSEC. By-law 47 of the By-laws states that Reporting Issuers are required to file their Annual Reports within 120 days of their financial year end. By-law 47 also stipulates that, at minimum, the Annual Report must contain the Reporting Issuer’s Comparative Financial Statements and a Management Discussion and Analysis. By-law 50 of the By-laws also identifies what ought to be included in the Management Discussion and Analysis.

In the TTSEC’s submission, statements (a) and (b) above must be accompanied by the Form 11 – Financial Statement Certification

2. ***The Revised Registration Statement*** - Section 61(2) of the SA 2012 requires the submission of a Form 8 – Revised Registration Statement and the prescribed fee within 14 days of the end of a Reporting Issuer’s financial year. This is an update to the Reporting Issuer’s registration statement on an annual basis. The information contained in this statement shall refer to a Reporting Issuer’s most recently completed financial year end and shall include, inter alia, a list of all outstanding securities of the Reporting Issuer and a listing of the entity’s directors as at the most recently completed financial year.
3. ***Material Change Notices*** – Material changes are changes of an issuer’s affairs which may have significant effects on the market value of the issuer’s securities. Section 64(1) of the SA 2012 requires that Reporting Issuers notify the TTSEC of any material changes in their affairs, by filing within three (3) days of the occurrence of the material change, a Form 10 – Material Change.
4. ***Notification of Changes*** – Section 56(4) of the SA 2012 requires that Reporting Issuers notify the TTSEC of certain changes in their affairs, these changes are outlined under List B of Schedule 3 of the By-laws. By-law 53(3) of the By-laws states that Reporting Issuers are required to notify the TTSEC within 14 days of the prescribed event. Reporting Issuers must notify the TTSEC of these changes by filing a duly completed Form 6 – Notification of Change.

It is important for Reporting Issuers to submit the above disclosures within the specified timeframe to ensure that investors have the necessary information to make informed investment decisions. In addition, these filings assist the TTSEC in monitoring the potential vulnerabilities in the securities market in an effort to reduce systemic risk. 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.

In next week's article, the TTSEC will discuss the continuous disclosure and filing requirements of Registrants.

For more information on the securities market visit us @ www.ttsec.org.tt

You may also visit our Investor Education website at www.investucattt.com or connect with us via any of our social media handles:



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