



## **Your Rights as an Investor Part. 2**

Investor protection is at the core of securities regulation. Investor protection is the ultimate outcome when integrity in the marketplace is upheld. Several requirements contemplated by the Securities Act 2012 (SA 2012), and the Trinidad and Tobago Securities and Exchange Commission's (TTSEC) guidelines and policies, centre around ensuring that market participants act in the best interest of their customers/investors.

Within the principle of investor protection, is the inherent rights and responsibilities of investors. It is important that investors understand these rights and responsibilities prior to, and during the course of, conducting transactions in the securities market. In this continuing article on the '*rights of an investor*,' (the first part can be accessed via the following link: [https://www.ttsec.org.tt/publications-and-research/?\\_sft\\_category=articles](https://www.ttsec.org.tt/publications-and-research/?_sft_category=articles)), we highlight some of these rights and responsibilities.

- **Quality service** and sound advice with respect to securities from qualified and competent persons or registered advisers.
  - In all securities transactions, investors should be treated in a fair, ethical, and respectful manner. Further, any services rendered should be provided at a fair price.
  - Market intermediaries<sup>1</sup> should therefore ensure that their employees who liaise with investors and provide investment advice, as well as other securities-related services, are duly qualified and competent.
  
- **Responsible investment advice** and appropriate investment advice. Market intermediaries must therefore ensure that they conduct appropriate and adequate due diligence with each investor with a view to determining investment goals, personal objectives, time horizon, risk tolerance, and other factors. This information must then be used to ensure that appropriate and suitable investment recommendations are made to investors.

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<sup>1</sup> Entities who facilitate a market transaction between two other parties (TTSEC Glossary [www.ttsec.org.tt](http://www.ttsec.org.tt)). These include Broker-Dealers, Investment Advisers, Underwriters and their Registered Representatives.

- **Relevant, timely and accurate information** about the products and issuers of securities that they invest in or are contemplating investing in.
  - This information must be provided by market intermediaries for proposed products/transactions that an investor is contemplating. Investors also have the right to receive regular or periodic reports and information after an investment is made.
  - The information or disclosures that are provided to investors must be clear, accurate and easily understood.
  - Information received about an investment should also contain all the details the investor should know, including fees, conflicts, commissions, etc.

In addition to the foregoing, investors also have important responsibilities when participating in the securities market. Some of these include the responsibility to:

- **Provide information** that will allow a broker or adviser to understand the investor's financial situation, investment goals and experience and risk tolerance.
- **Read disclosure material and investment account statements.** Investors should ensure that they understand what the statements and disclosures mean and how this material may help in tracking and assessing their investments.
- **Ask questions.** As far as possible, investors ought to prepare a list of questions to ask their broker or adviser. These may include: Are you registered with the TTSEC? May I see a list of your approved products? Where can I access your annual financial statements or reports? Do you have any other associated fees that I should be aware of? Who will be my direct point of contact? Investors should also ensure that they take note of responses and explanations provided.
- **Maintain records.**
  - In the event that concerns are raised about an investment, it is important that investors preserve all material obtained if they are required to make available the information which was provided and received.
  - Keep a file of all investment related material such as account statements, instructions to an adviser or broker, and any other important documents related to an investment.
  - Although an investor's broker-dealer is required to maintain a record of each order or trading instruction from its clients, investors are encouraged to use documented trading instructions instead of using verbal instructions only.

### **How does the TTSEC protect investors?**

The TTSEC contributes to ensuring that investor rights are upheld in the securities market in various ways. One of these is through the registration process. Market intermediaries, the securities to be distributed and the issuers of those securities must be registered with the TTSEC.

Several criteria must be met during the registration process before a person or investment product is allowed entry into the marketplace. Through the registration process, the TTSEC ensures that, among other things, market participants:

1. Are staffed by qualified personnel to discharge their obligations to investors;
2. Meet certain minimum disclosure requirements, so that investors are provided with this information; and
3. Meet certain financial requirements.

Registrants are also assessed periodically to ensure that they maintain the fit and proper requirements to remain registered with the TTSEC. In the event that a registrant is no longer considered to be fit and proper, the TTSEC has the power to issue a warning; reprimand or suspend; or revoke the registration of the registrant, if it is of the opinion that it is in the public interest to do so.

It is also part of the TTSEC's mandate to ensure the timely, accurate, fair and efficient disclosure of pertinent information by registrants, to the investing public. Guidance is derived from Part V of the SA 2012 which speaks to the timely disclosure of material changes<sup>2</sup>, financial statements, annual reports and other items relating to the registrant, which investors can access when making any investment decision.

The TTSEC has and continues to strive towards ensuring that investors are duly protected. In addition to the critical role played by the TTSEC, investors can and must do their part in facilitating their own protection by being aware of their rights, and exercising their responsibility at all times when participating in the securities markets.

**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  
connect with us via any of our social media handles:



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<sup>2</sup> According to Section 4 of the Securities Act 2012 a material change is “a change in the business operations, assets, ownership or affairs of an issuer, the disclosure of which would be considered important to a reasonable investor in making an investment decision and includes a decision to implement such a change made by the board of directors of an issuer”.