



MMRF, why is it important?

As per Section 6 of the Securities Act, Chapter 83:02, of the Laws of the Republic of Trinidad and Tobago (SA), one of the critical functions of the Trinidad and Tobago Securities and Exchange Commission (TTSEC), is to “*assess, measure and evaluate risk exposure in the securities industry*”. The Micro and Macro-Prudential Reporting Framework (MMRF), is one of the many tools utilised by the TTSEC to achieve this mandate and is the focus of this article.

The MMRF commenced after consultations with the Caribbean Technical Assistance Centre (CARTAC) and is in accordance with Principle 6¹ of Securities Regulation as prescribed by the International Organisation of Securities Commissions (IOSCO). This framework captures key financial and statistical data from Registrants² which is analysed and evaluated to ascertain the health, soundness and vulnerabilities of the local securities market. An Order was issued by the TTSEC on September 16th, 2016, which requires Registrants to submit data through the use of 11 forms within 30 days of the end of each calendar quarter. Each form captures specific information based on the business activities of registrants and are listed below as follows:

- SEC-MMRF01 Balance Sheet and Client Assets;
- SEC-MMRF02 Income and Expenditure;
- SEC-MMRF03 Collective Investment Schemes Portfolio Composition;
- SEC-MMRF04 Securities Held by Firm Not Assigned to Repos;
- SEC-MMRF05 Broker-Dealers Repo Portfolio Composition - Assets and Liabilities;
- SEC-MMRF06 Broker-Dealers Repo Activity Summary;
- SEC-MMRF07 Broker-Dealers Repo Transactions;
- SEC-MMRF08 Broker-Dealers Transactions - Over the Counter / Margin Trading;
- SEC-MMRF09 CIS Investor Breakdown;
- SEC-MMRF10 CIS Portfolio Transactions; and
- SEC-MMRF11 Broker-Dealers Private Placement Transactions (Primary Issues).

¹ The regulator should have or contribute to a process to identify, monitor, mitigate and manage systemic risk, appropriate to its mandate.

² This applies to Registrants under Sections 36 and 51(1) of the SA 2012, i.e. Self-Regulatory Organisations, Broker-Dealers, Investment Advisers and Underwriters

Failure to submit the relevant MMRF forms is a breach of the stated Order. As such, Registrants can be charged with administrative fines up to a maximum of TT\$500,000.00 in accordance with Sections 156(1) and 165(2) of the SA.

To date, the TTSEC has received MMRF data from registrants for all quarters since 2016 to present and has produced several reports on capital market developments within Trinidad and Tobago. One such report is the Securities Market Bulletin (SMB); which is produced on a semi-annual basis. At the time of this article, there have been seven (7) publications of the SMB; all of which can be accessed via the TTSEC's website https://www.ttsec.org.tt/publications-and-research/?_sft_category=securities-market-bulletin.

The table below shows some of the key statistics collected from the MMRF on the securities market.

Description	June 2020	September 2020	December 2020	March 2021	June 2021
CIS AUM (TT\$Mn)	57,004	59,516	60,306	60,939	62,298
% CIS AUM Fixed NAV	58	58	58	58	58
% CIS AUM Floating NAV	42	42	42	42	42
CIS Net Sales/(Redemptions) (TT\$Mn)	1,084	1231	819	812	617
Number of CISs	68	68	68	68	69
Number of CIS Managers	15	15	15	15	15
Repo Assets (TT\$Mn)	3,990	4,366	4,376	7,155	7,017
Repo Liabilities (TT\$Mn)	3,736	4,103	3,936	6,608	6,487
No. of Repo Contracts in issue	1,458	1,541	1,600	1,794	1,814
No. of Repo Dealers	12	11	11	12	13
Average Repo Maturity (mths)	9	11	9	11	11
Average Repo Return (%)	2.95	2.65	2.91	2.71	2.64
Value of GORTT Bond Issues, (TT\$Mn)	29,975	29,778	29,446	29,441	28,436
Market Capitalisation (TTD market) (TT\$Mn)	134,376	135,041	135,639	137,537	140,185
Market Capitalisation (USD market) (US\$Mn)	22	22	22	22	19
Value of OTC Transactions, (TT\$Mn)	1,943	1,197	2,407	1,342	1,530
Number of OTC Transactions	778	1197	874	869	839

While the SMB is one of the TTSEC's most prominent publication, the MMRF data is also utilised in the TTSEC's Stress Testing and Risk Based Supervisory (RBS) Frameworks. Stress Testing is a risk management technique which is used to gauge vulnerabilities of an institution's financial condition, as a result of unfavourable scenarios. RBS, while similar, is designed to identify the most critical risks faced by an institution to ensure that strategies are implemented to reduce such events from occurring. Most recently, the MMRF data was also used to analyse the impact of COVID-19 on the local securities market.

The data collected through MMRF is therefore of utmost importance, as it provides the TTSEC with a comprehensive view of the local market performance, thereby supporting our goal of protecting investors from unfair, improper or fraudulent practices.

It also provides the TTSEC with the ability to produce further analytical reports in the future. The data is also used to provide registrants with an individualised report on their business activities within the securities market.

END

For more information, please visit our corporate website, www.ttsec.org.tt.
You may also visit our Investor Education website at www.investucatett.com or
Connect with us via any of our social media handles:



Published Article – Business Express Newspaper
February 2nd, 2022