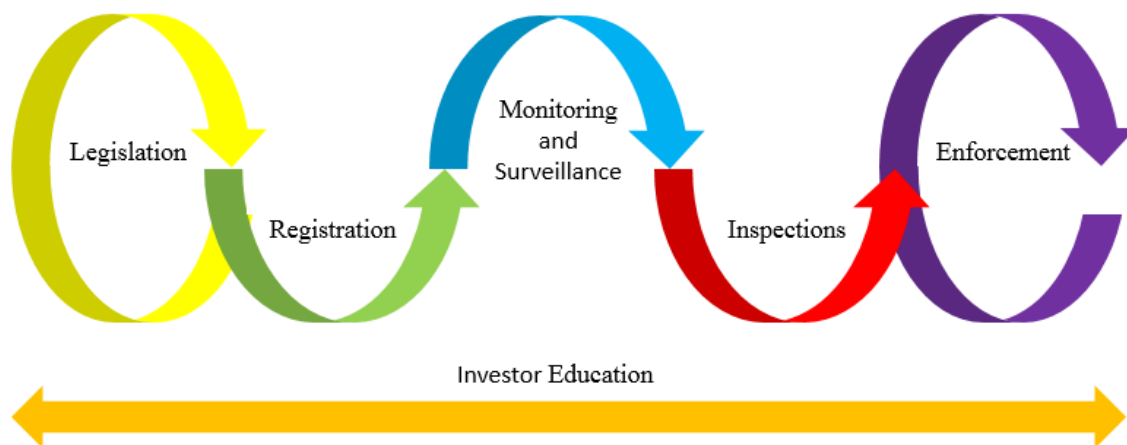




Measures to Protect Investors' Interests

The Trinidad and Tobago Securities and Exchange Commission (“TTSEC”) is mandated to provide protection to investors from unfair, improper or fraudulent practices and foster a fair and efficient securities market. Ensuring confidence in the securities industry is one of the top priorities of securities regulators worldwide. As such, TTSEC works steadfastly towards achieving its objectives through the implementation of various measures as illustrated in Diagram 1.

Diagram 1: Measures to protect investors' interests



Legislation

The TTSEC, as a regulatory authority, formulates legislative requirements and guidelines that guide market behaviour. These legal requirements are designed to promote transparency and fairness and encourage operational efficiency of the securities market. The TTSEC is guided by the Securities Act, 2012 (“SA 2012”) in carrying out its regulatory functions. The SA 2012, as well as its supplemental legislation, enable the TTSEC to perform its functions to mitigate malpractices by market actors and potential risks to the market.

The TTSEC’s legislative goal is not to restrict the operations of market players or hinder development of the local capital market but rather to ensure that market participants act with integrity and in their clients’ or investors’ best interests.

Registration

The point of entry for market actors to the securities market is through registration. Entities which perform services outlined under the SA 2012, are required to be registered with the TTSEC. No security shall be distributed or listed on the Trinidad and Tobago Stock Exchange unless it is registered with the TTSEC. The Division of Disclosure, Registration and Corporate Finance (“DR&CF”), is responsible for the registration of all Registrants (such as Broker-Dealers, Investment Advisers and Underwriters), Self-Regulatory Organisations and Reporting Issuers, as well as securities being offered to investors. The registration function enables the necessary disclosure process to take place. These imposed disclosure requirements, along with required reporting deadlines, promote transparency and accountability, discourage misconduct and provide investors with timely and relevant information that will facilitate informed decision-making.

Monitoring and Surveillance

As explained above, entities which register with the TTSEC are required to adhere to the legislation governing the operations of the TTSEC. The Division of Market Regulation and Surveillance (“MR&S”) monitors market disclosures and activities. Particularly, it ensures that market participants comply with their continuous disclosure obligations and reviews compliance with prudential reporting standards. The TTSEC, through MR&S, also maintains surveillance over the local, regional and international financial sector, with focus on the securities markets. It evaluates whether actions of registered or non-registered entities contravene the SA 2012 and any other subsidiary legislation. In addition to conducting surveillance exercises, the Staff also reviews complaints and tips from aggrieved persons in relation to entities conducting, or suspected of conducting, unauthorised securities business or dealings within the local capital market.

The SA 2012 also allows the TTSEC to assess, measure and evaluate risk exposure in the securities market. Through the Department of Policy, Research and Planning (“PR&P”), the TTSEC is able to capture necessary data through its Micro-Macro Prudential Reporting Framework (“MMRF”) to perform the risk mitigation function. The TTSEC, through its proposed Stress Testing Framework, intends to take a more proactive approach in preparing the market for unfavourable events. The Stress Testing Framework will enable the TTSEC to monitor the risk exposures of Registrants and Self-Regulatory Organisations and take the necessary measures to protect the interests of investors, clients, members and the securities market.

Inspections

The SA 2012 empowers the TTSEC to perform onsite inspections of market actors. The Division of Compliance and Inspections (“C&I”) carries out these inspections on Registrants and Self-Regulatory Organisations. Inspections may focus on whether Registrants are operating in compliance with the legislation. Apart from evaluating Registrants’ compliance with the SA 2012, a review of Registrants’ Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) compliance also forms part of the inspection process.

Once deficiencies in Registrants’ operations are identified, the TTSEC exercises its powers to ensure that these shortcomings are effectively addressed. Additionally, the Staff follows up to ensure that Registrants implement and maintain appropriate mitigating policies and procedures to manage the identified risks.

Enforcement

The TTSEC is guided by advice and guidance provided by the Division of Legal, Advisory and Enforcement (“LA&E”) in carrying out the enforcement process. LA&E provides valuable legal advice, guidance and support to all other divisions in relation to the core regulatory functions of registration, market surveillance and compliance. This enforcement function fosters compliance with the legal framework of the local securities market. This function serves to ensure that appropriate action is taken by the Commission against market players and participants who are found to have contravened or breached securities laws, as well as discourage any wrongdoings. The TTSEC can impose sanctions and administrative fines, as well as take other appropriate action against Registrants who contravene the SA 2012 and/or its subsidiary legislation.

Investor Education

On an ongoing basis, the TTSEC is engaged in educating and promoting the public’s understanding of the securities market and the benefits and risks associated with investing in securities. Through the Department of Corporate Communication and Education (“CC&E”), the TTSEC promotes its Investor Education (“IE”) Programme and collaborates with other market players to accomplish this function. The IE function seeks to enable investors to make informed decisions; promote the growth of the local market; promote investing as a viable wealth creation option; sensitise investors and potential investors to possible risks and pitfalls which may exist in the market, such as fraudulent schemes/scams and increase national awareness of the role and functions of the TTSEC.

The TTSEC trusts that the public now has a better understanding of how the TTSEC safeguards and protects individuals and companies that invest in our local capital market through the highlighted functions and procedures. Informed investors are critical to the sustainability and growth of the securities market and, as such, the TTSEC remains committed to implementing, monitoring and revising its approach as the securities market continues to evolve.

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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:



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