



Registration of Securities in Trinidad and Tobago

In last week's article, we explained the options available in the securities market to raise capital/funds. These included the issuance and distribution of securities (Equities/Bonds) to the public as well as the issuance of securities via Limited Offerings. Generally, the distribution of any security within Trinidad and Tobago will trigger certain registration requirements. As such, companies that are desirous of distributing any security within Trinidad and Tobago are required to meet the registration requirements of the Trinidad and Tobago Securities and Exchange Commission ("TTSEC"). These registration requirements are outlined under Sections 61 and 62 of the Securities Act, 2012 ("SA 2012").

Specifically, Sections 61(1) and 62(1) of the SA 2012 state:

"61(1) A person, who is not a reporting issuer, and who proposes to make a distribution shall first apply to the Commission to be registered as a reporting issuer by filing a registration statement in such form as the Commission may determine and paying the prescribed fee."

*"62(1) No security shall be –
(a) distributed; or
(b) listed with any securities exchange
unless it is registered with the Commission."*

In essence, the aforementioned Sections provide that:

- the issuer of the security must first be registered with the TTSEC as a Reporting Issuer before the security can be distributed; and
- the security must be registered with the TTSEC prior to issuance or distribution.

While the registration process for Equities/Bonds distributions may be two-fold (Registration as a Reporting Issuer and Registration of Securities), the TTSEC executes both steps simultaneously. Entities wanting to distribute securities such as Equities/Bonds can be guided by the TTSEC's 'Checklist for the Registration as a Reporting Issuer' and the 'Checklist for Registration of Securities (Excluding Collective Investment Schemes)' which can be accessed via www.ttsec.org.tt. These checklists guide the applicant in relation to the necessary steps and documentation required. All relevant applications for the registration of securities should be forwarded to the Commission's Disclosure, Registration and Corporate Finance Division under the entity's cover letter. The registration package should include all documentary requirements prescribed in the checklists, as well as any other information relevant to the application. Diagram

1 outlines the current registration fees applicable and some of the standard documents that are required to accompany a registration application.

Diagram 1 – Registration of Securities in Trinidad and Tobago



Registration as a Reporting Issuer

Firstly, the applicant is required to register as a Reporting Issuer as defined under the SA 2012 and previously described in our earlier articles (in case you missed it, visit https://www.ttsec.org.tt/publications-and-research/?_sft_category=articles). For this application, the applicant is required, upon application, to pay a registration fee of TT\$8,000.00 and complete the 'Form 8 – Registration & Revised Registration Statements – For Reporting Issuers' inclusive of the Form's appendix. This form and its appendix provide the TTSEC with pertinent due diligence information on the company and its Board Members. Each Board Member is required to file a list of his or her directorships in other companies. In support of the Reporting Issuer application, the applicant is required to provide the TTSEC with certified copies of its incorporation documents. However, if the company is incorporated in a foreign jurisdiction, then the applicant should submit proof of registration locally as an external company. The applicant is also required to submit a certified copy of its most recent Annual Return filed with the Companies Registrar and its latest Audited Financial Statements. If the applicant is seeking Approved Foreign Issuer designation, then it is required to submit documentation as outlined under Item 7, of the 'Checklist for Registration, as a Reporting Issuer (accessed via www.ttsec.org.tt).

Registration of Security prior to Distribution

Once the applicant satisfies the criteria for registration as a Reporting Issuer or an Approved Foreign Issuer, the registration of the security to be issued can now be considered. The applicant is required to submit a 'Form 9 – Distribution Statement' which provides the TTSEC with the pertinent information on the security to be distributed. The filing fee associated with the Distribution Statement is currently TT\$1,000.00. The Issuer is also required, upon application, to

pay a Market Access Fee equivalent to 0.01% of the dollar size of the proposed Issue, subject to a minimum access fee of \$1,000.00.

In support of the Registration of Securities application, a prospectus, which provides prospective investors and the market with comprehensive details on the Issuer's management, organizational structure, historical and projected financial performance, particulars on the security being offered and other relevant information has to be prepared and submitted for review and approval by the Commission (Unless the issuer intends to claim an exemption from the requirement to prepare a prospectus – these exemptions are outlined in section 79(1) of the SA 2012). In preparing this important document, Issuers should take advantage of market guidance contained in the TTSEC's 'Proposed Securities (Prospectus) By-laws 2007' and the template which is included in Schedule 1 of that document. A copy of the Proposed Securities (Prospectus) By-laws is available via e: <https://www.ttsec.org.tt/wp-content/uploads/reg070125-2.pdf>. The filing of a prospectus, carries a fee of TT\$17,500.00. In addition to a prospectus, the applicant is required to submit:

- documentary evidence of approval for the creation and issuance of the security such as a Board Resolution;
- all legal documents or managerial agreements constituting the security to be registered;
- a term sheet indicating the terms and conditions of the security; and
- a list of potential investors, where applicable.

If the entity is claiming Approved Foreign Issuer exemptions, the entity is required to submit documentation as outlined under Item 5 of the 'Checklist for Registration of Securities (excluding Collective Investment Schemes).

There are different firms and service providers that can play integral roles in facilitating the issuance and distribution of securities. Apart from attorneys and legal advisers, Broker-Dealers, Accountants and Auditors, Underwriters, Bankers, Valuators and Stock Exchanges may be involved facilitating the distribution of securities. In next week's article, the TTSEC will discuss the roles that some of these entities can play in helping to bring an issue of Bonds or Equities to the market.

END

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