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TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

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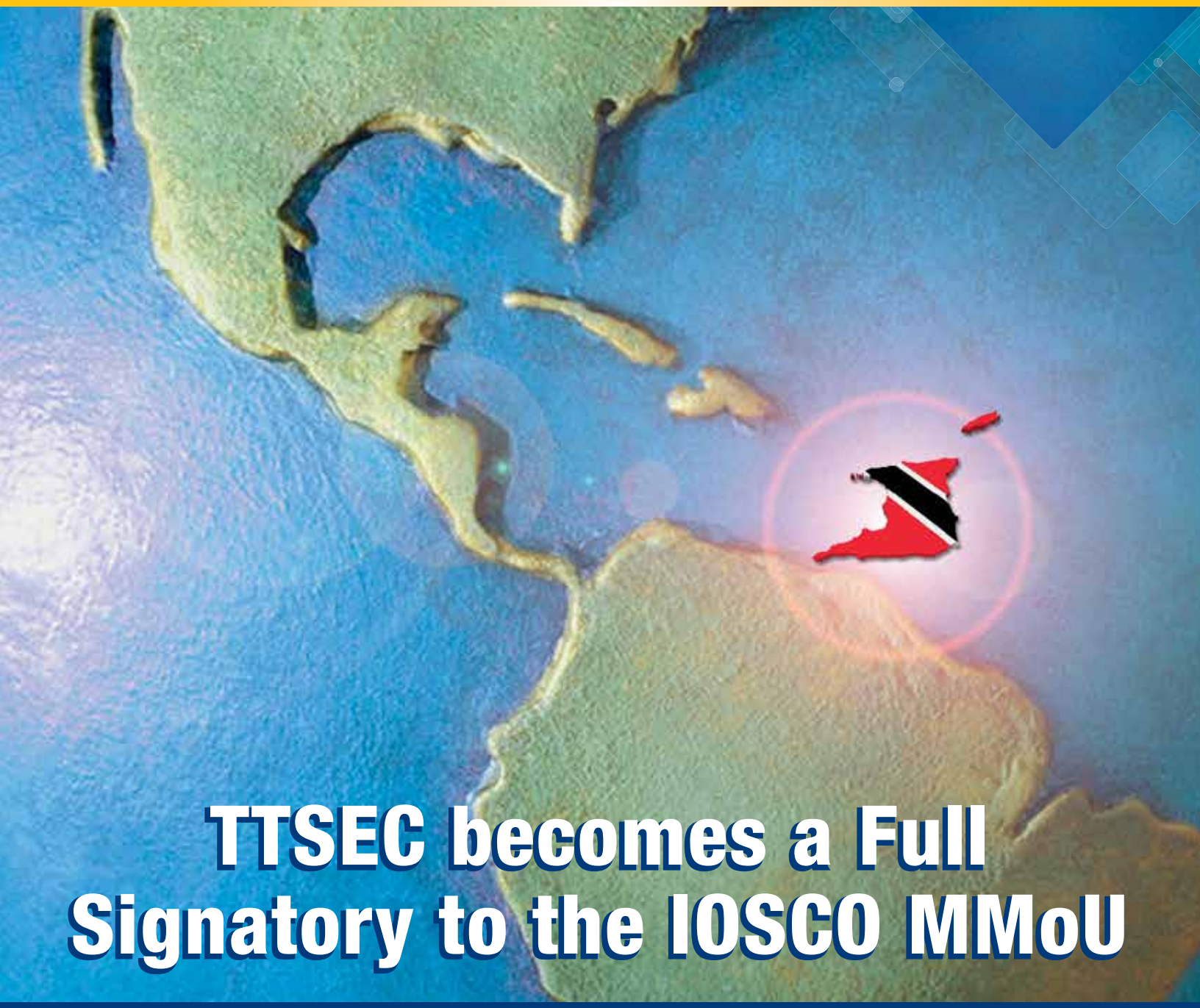

TTSEC becomes a Full Signatory to the IOSCO MMoU

FOREWORD

Professor Patrick Watson, Chairman of TTSEC

Thank you for taking the time to read the fifth issue of our Quarterly Newsletter to you, our stakeholders. A lot has occurred since our last communiqué to you. On June 19, at a Board meeting of the International Organization of Securities Commissions (IOSCO), the TTSEC became a Full Signatory to the IOSCO Multilateral Memorandum of Understanding (MMoU) Concerning Consultation and Cooperation and the Exchange of Information. This is a great accomplishment for us since we are among a select group of 95 MMoU signatories and one of four Commissions from the Caribbean. In this regard, I thank the hard working team at the Commission who have been working tirelessly over the last year to ensure that this became a reality.

As you are aware, the Securities Act 2012 was proclaimed by His Excellency The President of the Republic of Trinidad and Tobago on December 28, 2012 and came into operation on December 31, 2012. At the time the Act was passed, an undertaking was given to the Parliament to present By Laws for the new legislation within six months. These By Laws have been drafted and received input from market actors and intermediaries. I thank all those who have provided feedback and assure you that each and every submission was reviewed and the suggestions (where applicable) were taken on board. Responses to your feedback as well as the draft By Laws and amendments are available on the Commission's website. At present, the By Laws are awaiting review by the Office of the Chief Parliamentary Counsel and once completed, the By Laws will be tabled for the Legislation Review Committee and then will require Cabinet approval to be laid in Parliament. As Parliament has now been prorogued we do anticipate that this will be done in the first half of the next session which is scheduled to commence in August 2013. We will continue to keep the market and all stakeholders informed of its progress.

In addition to the modification of the By Laws, all other policies and guidelines issued under the SIA 1995 will need to be revisited and the relevant changes will need to be applied in order to bridge the gap between the old and the new legislation. In addition to these amendments, new policies are being developed in accordance with the provisions of the SA 2012. Some of these that are currently being developed include Shelf Registration of Securities and Credit Rating Agencies.

The Commission's multimedia Investor Education Programme has continued with the conduct of sessions with the formations of the Trinidad and Tobago Defence Force and the launch of an Investor Education Webinar. In the near future, a series of information pieces on fraudulent investment schemes will also appear on the television and other media. These are all part of our strategy to demystify financial concepts and equip ordinary investors with the necessary tools to understand and evaluate the risks and benefits of various financial products and to recognise, avoid and report illegal investment schemes.

I cannot underscore enough that sound and effective regulation and in turn, the confidence it brings are important for the integrity, growth and development of securities markets. With sound and effective regulation, come the increase in investor confidence and the strengthening of the economic foundation of the country.

We look forward to continue working with you, our stakeholders so that we all achieve our goals and objectives.

In this issue, we have provided you with information as it relates to the changes that the new legislation has prescribed. We hope that you find this information to be useful and we look forward to your feedback and suggestions so that this communiqué remains a worthwhile one.

Patrick K. Watson
Chairman

TTSEC becomes a Full Signatory to IOSCO MMOU

The Trinidad and Tobago Securities and Exchange Commission (TTSEC) has become a Full Signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (MMoU). The decision was made on Wednesday 19 June 2013, at a meeting of the Board of the International Organization of Securities Commissions (IOSCO) in Montréal, Canada. Trinidad and Tobago therefore joins a select group of 95 MMoU signatories.

The MMoU is a tool used by securities regulators to help ensure effective regulation and to preserve and strengthen the international securities market. It represents a common understanding amongst its signatories about how they will consult, cooperate, and exchange information for securities regulatory enforcement purposes. This agreement provides a mechanism through which signatories share with each other essential investigative material, such as beneficial ownership information, and securities and derivatives transaction records such as bank and brokerage information. According to the IOSCO, "the increase in the number of signatories over the last decade has led to a sharp upsurge in cross-border cooperation, enabling regulators to investigate a growing number of insider traders, fraudsters and other offenders."

By becoming a Full Signatory, Trinidad and Tobago will benefit from:

- Sharing information with foreign regulators;
- An enhanced international reputation and credibility; and
- Increased investor confidence in its market for securities.

Trinidad and Tobago, through the Commission, has joined other Signatories who have pledged their commitment to eradicate potential safe havens for criminal activities. New signatories to the MMoU also contribute to strengthening IOSCO´s international enforcement network.

The TTSEC, as the regulator of the securities industry in Trinidad and Tobago, remains committed to the promotion of investor confidence, fairness and the orderly growth of the local capital market.

More about IOSCO:

The International Organization of Securities Commissions (IOSCO) is an association of entities that regulate the world's securities, capital and futures markets. This association has members from over 100 countries, which regulate more than 95% of the world's securities markets and has a primary role of asisting its members to promote high standards of regulation. IOSCO acts as a forum for national regulators to cooperate with each other and other international organizations. The IOSCO Board is the governing and standard-setting body of the IOSCO, and is made up of 32 securities regulators.

The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, Chile, China, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, Morocco, the Netherlands, Nigeria, Ontario, Pakistan, Portugal, Quebec, Romania, Singapore, South Africa, Spain, Switzerland, Trinidad and Tobago, Turkey, United Kingdom and the United States of America.

The Commission continues to educate and empower consumers of financial products and potential investors

Launch of Webinar

"Great webinar! Thank you."
"I would like to commend the TTSEC on this initiative of Investor Education via Webinars. I think it is an excellent idea and I look forward to future webinars."

"Dear TTSEC,
I applaud your initiative to educate current and potential investors. The information provided in this webinar was certainly useful, mildly entertaining and most importantly to the point. Well done."

"Good day the webinar was very compact and informative. The speaker was engaging and not boring. However I did experience some technical difficulties such as static and loss of audio. I do hope to see further webinars and recorded sessions available to the public."

These are some of the comments that the Corporate Communications, Education and Information Division received from members of the public after the TTSEC's first Investor Education Webinar which took place on Wednesday July 03. To raise awareness of this Webinar, the Commission used traditional media such as radio Ads in addition to new media platforms such as Facebook Ads, sponsored messages and emails.
This free Webinar, which was conducted via the Go To Meeting platform, introduced participants to the fundamentals of saving and investing, types of investment instruments, rights and responsibilities as an investor and mechanisms to protect oneself against fraudulent investment schemes. Our analysis of the webinar showed that approximately 100 persons participated in the Webinar with the greatest participation coming from the 25-34 age group. Another interesting aspect of the post-launch analysis is the fact that 64 % of the participants were women and the majority of the participants were from North Trinidad. The Commission intends to do all in its power to ensure that more men participate in these financial education sessions and that persons from all parts of Trinidad and Tobago are present and willing to participate.

We will conduct more Webinars in the future which will focus on (but are not limited to) Financial Tips for Teens, Financial Tips for Young Adults, Money Management in the Middle Years and Retirement Planning. Topics, such as the the role of a broker and how to make that first investment will also be included in subsequent sessions. Our first webinar has been posted on our website and can be viewed at your convenience.

Investor Education Outreach Sessions

The Trinidad and Tobago Securities and Exchange Commission (TTSEC) is fully aware that investors in 2013 have less disposable income, are more susceptible to risk, must be more prudent in their financial decision making and must become financial literate. It is against this backdrop that, the TTSEC partnered with the National Financial Literacy Programme of the Central

Bank of Trinidad and Tobago to conduct free investor/ financial education sessions for various formations of the Trinidad and Tobago Defence Force (TTDF) during the month of June. Participants in these sessions, which numbered more than 600, included officers at all ranks from the Trinidad and Tobago Regiment, Trinidad and Tobago Coast Guard, Trinidad and Tobago Air Guard and Trinidad and Tobago Reserves. These sessions were conducted at bases in both Trinidad and Tobago and aimed to demystify financial concepts and terms so that the officers can be equipped with the tools that they need in order to better understand and evaluate the risks and benefits of various financial products and to recognise, avoid and report illegal investment schemes.

According to the International Organization of Securities Commissions' Principles of Securities Regulation, "regulators should play an active role in the education of investors and market participants." The Commission adheres to the tenets of this principle and will continue employing existing and new strategies to educate and empower citizens to make wise financial choices. At one of the sessions, a female officer indicated that "in all my years in the TTDF, no one has ever come here to explain these terms to us and provide us with all this information."

This is the second interface that the Commission has had with the TTDF. In 2012, the Commission conducted eight (8) investor/financial education sessions for the various formations.

During the month of August, the Commission will partner with the Ministry of Gender, Youth and Child Development to conduct some financial education sessions with the attendees of the Ministry's Vacation Youth Camp (12-17 years). These sessions will be interactive and will aim to provide the youth with financial tips which will help them in their teenage years.

These outreach sessions are a key part of the Commission's Investor Education Programme which continues to incorporate print, electronic, digital and traditional methods to empower investors and potential investors and promote investor awareness.

The Securities Act, 2012 and the Human Resource Function

"An Act to provide protection to investors from unfair, improper or fraudulent practices; foster fair and efficient securities markets and confidence in the securities industry in Trinidad and Tobago; to reduce systemic risk, to repeal and replace the Securities Industry Act, Chap.83:02 and for other related matter"

The new securities legislation has significantly expanded the role and responsibilities of the Trinidad and Tobago Securities and Exchange Commission. Given the mandate of this new legislation, the Commission is required to review its existing organisational structure with a view to having it better aligned to its expanded business needs and functions. This will include, inter alia, the creation and staffing of new divisions, changes in job profiles and the creation and implementation of new policies and processes.

One of the changes that the new legislation demanded is the appointment of additional Commissioners and the change in designation of General Manager to Chief Executive Officer and the change of Deputy General Manager to that of Deputy Chief Executive Officer.

The Commission recognises that its expanded mandate requires even more focus on employee development which is vital to enhancing the capabilities of both individual employees and the organisation. As such, the Commission, through the Human Resource Division, remains committed to training and developing its employees in order to fulfil its mandate. We will continue to update you of the changes as they are implemented.

FACTS ABOUT FATCA

What is FATCA?

In recent years, there has been mounting concern by the United States Government and the Internal Revenue Service ("IRS") about the perceived increase in income tax evasion through the use of foreign entities by US persons. Their efforts to combat such activity saw the enactment of the Foreign Account Tax Compliance Act ("FATCA"). Simply put, FATCA requires institutions to identify and report their US account holders to the IRS. Although these institutions are not compelled to disclose; the failure to enter into an agreement with the IRS would result in a 30% withholding tax on payments of US sourced income. The legislation therefore seeks to thwart offshore tax evasion through a new disclosure-based regime.

What entities are to be affected by FATCA?

It is important to note that the implementation of FATCA has global implications. As a result of its compliance obligations, the legislation will significantly impact on non-US entities and Non-US Financial Institutions. The term Foreign Financial Institutions ("FFI's") includes foreign or non-US entities that:-

- Accept deposits in the course of a banking or similar business;
- Hold financial assets for the account of others or as a substantial portion of their business;
- Are engaged primarily, or holding themselves out to be engaged in the business of investing, reinvesting, or trading in securities, partnership interests or commodities.

This definition is indeed broad and also includes non-US banks, mutual funds, hedge funds, broker-dealers, custodians and securitization entities.

Who is a US person?

The definition of 'US person' is broadly construed under FATCA, to include:-

- A citizen or resident of the US (including a US green card holder);
- A US estate;
- A US partnership;
- A US corporation; and
- A US trust.

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Additionally, a joint account which has one US owner will be treated as a US account and the entire account is subject to reporting as a US person.

Moreover, the following are recommended indicia of US status. They include:-

- US citizenship or lawful permanent resident status;
- US birthplace;
- US residence or correspondence address, including a US post office box;
- Standing instructions to transfer funds to an account maintained in the US or directions regularly received from a US address;
- An 'in care of' or 'hold mail' address that is the sole address with respect to the client;
- A power of attorney or signatory granted to a person with a US address; and
- A current US telephone number.

A single factor does not necessarily, in and of itself, signify that the account holder is a US person. It does, however, require closer inspection of that person and depending on the presence of US indicia, warrants the request for further information.

Which Foreign Financial Institutions are exempt?

The legislation allows the following entities to be exempt from FATCA:-

- Any foreign government, any political subdivision of a foreign government, or any wholly-owned agency or instrumentality of any one or more of the foregoing;
- Any international organization or any wholly-owned agency or instrumentality thereof;
- Any foreign central bank of issue; or
- Any other class of persons identified as posing a low risk of tax evasion.

Accordingly, those FFI's that are not exempt, are forced to enter into an agreement to transmit information to the IRS or face the repercussions of non-compliance. An alternative to the FFI agreement is the Inter Governmental Agreement ("IGA"). The IGA, was developed as a means of circumventing the issues posed by privacy laws, that is, the release of confidential information pertaining to account holders. Furthermore, the Model 1 IGA has been deemed most beneficial to Trinidad and Tobago. This model

- o facilitates reporting to the local tax authority;
- o allows negotiation of the terms of the IGA between the home country and the US Treasury (which in turn will allow Trinidad and Tobago to choose the terms most beneficial to its financial institutions);
- o reduces costs; and
- o facilitates government to government communication.

The role of the Commission

To date, Trinidad and Tobago has established a TT FATCA Industry Working Group. As a regulatory body, the Commission is compelled to work alongside the other members of this Working Group in order to assist our local tax authority to ensure timely and seamless implementation of FATCA. To this end, the Commission is currently working with the other stakeholders and advising our Government on the viability of entering into a Model I IGA.

Since some of the FFI's over which the Commission has regulatory supervision, are considered non-traditional financial institutions (for example broker-dealers), the dilemma they readily face is not having the requisite customer information that would have been obtained by other FFI's (such as Non-US banks) and as a consequence would face a tremendous task before them in order to become FATCA complaint. Accordingly, the Commission's function will be to continue its customary surveillance of the type of FFI's under its purview, particularly those whose readiness may be compromised and provide guidance to same. Consequently, these FFI's must manage and update their accounts and information processes accordingly. Furthermore, should Trinidad and Tobago execute an IGA, it will require us to enact enabling legislation which will also include amendments to local laws in order to avoid possible regulatory sanctions.

Thus far, this country has been working assiduously as it prepares for FATCA. Notwithstanding the seriousness of the impact of the legislation, we must underscore that this is only the beginning; the road ahead requires much by way of compliance including public awareness, negotiation of the IGA and legislative reform.

Continuous Disclosure Requirements

The Securities Act, 2012 ("SA 2012") has been in force for over six months. **Consequently, staff of the Commission has been working closely with the market participants during this time to assist them in complying with the new provisions of the SA 2012.**

In our last communiqué to you, the Division of DR&CF would have identified some of the new measures in the SA 2012 as well as the continuous disclosure requirements that reporting issuers are required to meet under the Act. In this issue, we continue to look at the continuous disclosure requirements of Reporting Issuers with particular emphasis on the requirement to produce and file financial statements.

Types of Financial Statements

The types of financial statements required to be prepared and filed by reporting issuers under the SA 2012 are substantially the same as those required under the SIA 1995. These include:

1. Annual Reports – Section 63 of the SA 2012;
2. Annual Comparative Financial Statements – Section 65 of the SA 2012; and
3. Interim Financial Statements – Section 66 of the SA 2012.

A key point to note is that interim financial statements are now required to be prepared on a quarterly basis in accordance with Section 66 of the SA 2012. Under the SIA 1995, interim financial statements were prepared on a semi-annual basis. Reporting Issuers are urged to take note of this move to quarterly reporting and implement appropriate measures to ensure compliance with this requirement.

Delivery/Dissemination of Financial Statements

Under the SIA 1995, Reporting Issuers were required to provide their investors with copies of their Annual Report. The requirement to disseminate Audited Comparative Financial Statements or Interim Financial Statements was not a requirement under the SIA 1995.

However, Section 67(1) of the SA 2012, requires that Reporting Issuers ensure that their Annual Reports, Annual Comparative Financial Statements as well as Interim Financial Statements are sent to their shareholders. **Reporting Issuers are provided, with various options to facilitate the dissemination of their financial statements to their shareholders. These options are identified at Section 67(2) of the SA 2012 as follows:**

1. Where the shareholders have given their consent, Reporting Issuers can disseminate their financial statements through the use of compact discs, other external memory devices or electronic mail;
2. Publishing the Financial Statements in two daily newspapers of general circulation in Trinidad and Tobago; and
3. Posting the Financial Statement on the website and issuing a press release to be approved by the Commission which would notify the shareholders of the availability of the financial statements.

Reporting Issuers must remember that even though one of the options above is utilised for the dissemination of their Financial Statements, they are still required to provide a physical copy (hard copy) of the Financial Statement to any shareholder who submits a written request to the Issuer for the statement.

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Another important point to note is that the options outlined above to facilitate the dissemination of Financial Statements, can be used by Reporting Issuers to satisfy the requirement to send any other document, report or statement identified in Part V of the SA 2012 to shareholders.

Interim Measures

The Commission has also been establishing interim measures, procedures and processes to aid with the implementation of the SA 2012 pending the enactment of the Securities (General) By-Laws 2013. Here are some of the measures that have been approved for implementation pending the enactment of the Securities (General) By-Laws 2013:

1. **Revised Registration Statements –** Under Section 61(2) of the SA 2012, Reporting Issuers are required to file Revised Registration Statements with the Commission within 14 days of the end of their financial year. Given that the SA 2012 came into force on December 31, 2012, several Reporting Issuers may not have been aware of this requirement. As a consequence, they would not have satisfied the requirement to file their revised registration statement with the Commission within the stipulated deadline. To this end, the Commission has determined that **Reporting Issuers who were registered under the Securities Industry Act, 1995 and whose financial year ended during the period December 31, 2012 to June 30, 2013 will be granted an extension to September 30, 2013** to file their revised registration statements for such financial years. Reporting Issuers however whose financial years did not end during this period, will be required to file their revised registration statements with the Commission within 14 days of the end of their financial years.

2. **Solicitation of Expressions of Interest -** Section 70(2) of the SIA 1995 allowed issuers to solicit expressions of interest from prospective investors in a proposed issue of securities prior to the registration of such issue.

Section 70(2) of the SIA 1995 stated:

"...a registrant may solicit expressions of interest from prospective purchasers with respect to a proposed distribution if he notifies the Commission in writing that he intends to do so and identifies the issuer and the security proposed to be distributed."

A similar clause that allows for the provisions which existed under Section 70(2) of the SIA 1995 does not however exist in the SIA 1995. On the contrary, Section 74 of the new Act states:

"A person shall not solicit the purchase or sale of a security by way of advertisement in connection with a distribution of a security, unless a receipt has been issued by the Commission under this Act for a prospectus offering the security and the advertisement—

(a) identifies the security distributed;
(b) states that a receipt has been issued;
(c) identifies a person from whom a document specified in paragraph (a) may be obtained, and identifies a person through whom orders will be executed; and
(d) contains any other prescribed information."

Under the SIA 1995, registrants were allowed to solicit expressions of interest from prospective investors prior to the registration of a security. This ability to solicit expressions of interest was also extended to instances where the requirement to have a prospectus receipted was not required. Further, as part of the registration process for securities that were being issued pursuant to a prospectus exemption (where the security is to be distributed to a limited number of accredited or sophisticated investors), the Staff required the provision of a list of potential investors in the issue. These lists were usually generated based on responses to solicitations for expressions of interest in the particular security issue.

The Commission is cognizant of the possible difficulties which may be experienced by registrants in expending resources on the registration of a security without a preliminary gauge of the market's appetite. **Having regard to the consequential effect of Section 74 of the SA 2012, persons desirous of soliciting expressions of interest in a proposed security offering are advised to first seek the Commission's approval via a written request.** This request should:

- Identify the issuer of the security to be distributed as well as the salient characteristics of the security being distributed; and
- Include a commitment from the proposed issuer or registrant arranging the offering to maintain adequate records regarding its solicitation of expressions of interest.

The Staff of the Commission will then respond to such requests in writing and indicate whether the applicant can proceed to solicit expressions of interest.

We remind all our stakeholders that the SA 2012 as well as the draft version of the Securities (General) By-Laws 2013 are available on the Commission's website and we urge all market participants to familiarize themselves with these documents.

Division of Market Regulation and Surveillance (MR&S)

Amendments to the Insider Trading Provisions

"FAIRNESS is a touchstone of securities regulation and a basic principle set forth by International Organization of Securities Companies (IOSCO) - For markets to operate successfully, investors must have confidence that there is a level playing field and that insiders are not benefiting to the detriment of public investors through access to material information about the reporting issuer which is not generally known by the public".- IOSCO website

By virtue of having a professional or personal relationship with a reporting issuer, a person or a select group of persons ["persons connected to a reporting issuer" a.k.a. "insider(s)"] may gain access to material information on that reporting issuer before it is disclosed to the public. When insiders use this information, which is not generally known, to personally benefit from trading activities (e.g. making a profit or avoiding a loss), their trading activities are termed "Insider Trading".

The insider trading provisions of the Securities Act, 2012 ("SA, 2012") are not geared towards prohibiting the general trading activities of insiders, but are designed to prohibit the direct or indirect trading of insiders ***while they have knowledge or possession of information about a reporting issuer that has not been generally disclosed to the market.***

The SA, 2012 has re-defined and provided greater clarity to the insider trading prohibitions, presumptions and exemptions which existed under the Securities Industry Act, 1995 ("SIA, 95"). The key differences between the two pieces of legislation focus on three changes:

1) the expansion of the "persons connected to a reporting issuer";
2) the concept of "material non-public information"; and
3) a shift in the burden of proof required for the enforcement and or prosecution of insider offences.

Expansion of the "persons connected to a reporting issuer"

The SIA, 95 restricted the definition of a person connected to an issuer in a manner that was inconsistent with international standards. Under that Act, a person was connected to a reporting issuer if: (i) he is a director of the issuer or (ii) if he occupies a position as an officer or employee of that issuer or a position involving a professional or business relationship with the issuer which may reasonably be expected to give him access to information. These restrictions inhibited the Commission's ability to adequately address allegations of insider trading.

In keeping with international standards, the SA, 2012 has broadened the scope of insiders to include persons who are connected to an issuer by virtue

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of their relationships to senior officers of the issuer and by their shareholding in the issuer. In addition to those persons previously captured under SIA, 95, the categories of persons now considered to be connected to a reporting issuer under the SA, 2012, include -

- senior officers of an affiliate of the issuer or any person beneficially owning 10% or more of the voting securities of the issuer;
- beneficial owners of 10% or more of the voting securities of the issuer;
- relatives of the senior officers of a reporting issuer;
- experts retained or hired by the issuer; and
- any other person who learns of material non-public information from a person who he knows or reasonably ought to know is connected to the reporting issuer.

The concept of "material non-public information"

The SIA, 95 prohibited trading by connected persons while they were in possession of "price sensitive information" in relation to any securities of the reporting issuer. Under the SIA, 95, price sensitive information was defined as unpublished information ***which if generally known, might reasonably be expected to affect materially the price or value of the securities*** of the reporting issuer.

Due to the illiquid nature of our market which is reflected in the slow rate or lack of adjustment as a result of the disclosure of information, it will be impractical to align the sole issue of "materiality" with effects on the price of a security. For this reason the SA, 2012 attempted to correct this deficiency by placing a greater emphasis on the totality of the reporting issuer's activities and not just on a price factor.

The new Act replaced the concept of "price sensitive information" with that of ***"material non-public information."*** The definition of material non-public information is similar to that of the price sensitive information as contained in the SIA, 95. However, it has shifted the emphasis of what constitutes materiality from that of the disclosure of the change or fact ***"having a significant effect on the market price or value of the securities of the issuer***" to that of the disclosure of the change or fact ***"being considered important to a reasonable investor in making an investment decision".***

A shift in the Burden of Proof

The burden of proof has been partially shifted in the SA, 2012 in order to ensure fair and effective enforcement. Under the SIA, 95 in addition to proving that a person connected to a reporting issuer had material information that was otherwise not available to the public, the Commission had to prove that the connected person used this information to trade with the primary objective of making a profit or avoiding a loss. In other words, the Commission had to prove the motive behind the trade was to avoid a loss or to profit from the trade in addition to proving that the motive was premeditated.

The SA, 2012 however, provides the rebuttable presumption that, any trade conducted by a person connected to a reporting issuer while in possession of or with knowledge of material non-public information, will be deemed to have been conducted as a result of said possession or knowledge. This presumption holds true unless the transaction is otherwise exempted in accordance with the provisions of the SA, 2012 or unless that the connected person proves otherwise.

Administrative Developments

Given the change in the conceptual framework underlying the terms "material change" and "material fact", the Commission recognizes that the market requires greater clarity regarding events and situations which occur in the business affairs of a reporting issuer and which may be considered to be material. ***In May 2013, in response to this need for further guidance, the Commission issued a Circular to all reporting issuers on its register, which provided further clarification on what constitutes a material change or material fact. Additionally, reporting issuers and persons connected to reporting issuers can have timely discourse with the Commission's staff regarding the development of material change issues by sending an email to materialchanges@ttsec.org.tt.*** This has proven to be an invaluable resource to reporting issuers seeking clarification on any material change issues.

The changes to the provisions also complement the work which was previously started and which is on-going with respect to the enhancement of its automated trade monitoring system. ***It is the Commission's goal to fully automate its trade monitoring activities in order to facilitate the timely and efficient monitoring of our local trading platforms.***

Division of Policy, Research and Planning

Becoming an IOSCO MMOU Signatory
What it means for the TTSEC

The International Organization of Securities Commissions (IOSCO), established in 1983, is recognized as the global standard setter and policy maker for the securities sector. This organisation establishes best practices for the financial sector and is the only international financial regulatory organization which includes all of the major emerging markets jurisdictions within its membership. A major objective of IOSCO is to enable its membership to exchange information with a view to:

(a) Developing securities markets and improving their efficiency;
(b) Coordinating the enforcement of securities regulation; and
(c) Implementing common standards.

IOSCO strongly encourages its membership to become Full Signatories to its Multilateral Memorandum of Understanding (MMoU) Concerning Consultation and Cooperation and the Exchange of Information. In fact, it is considered a statement of commitment with regard to mutual assistance and the exchange of information among its members for the purpose of enforcing and securing compliance with the laws and regulations of the relevant jurisdictions. This agreement facilitates the sharing of information when investigating possible securities violations but does not intend to create legally binding obligations that would supersede domestic laws.

On Wednesday 19th June 2013, the Trinidad and Tobago Securities and Exchange Commission became a full signatory to IOSCO's MMoU. The amendments made to Trinidad and Tobago's securities legislation (enactment of the Securities Act, 2012) were instrumental to this accomplishment. Signing the MMoU has various implications for Trinidad and Tobago as it allows the Commission to;

1. Share information with other regulators locally and abroad.
2. Provide members with assistance, within the framework of the MMoU to secure compliance with the respective Laws and Regulations which include:

a. Providing information and documents regarding the matters set forth in requests for assistance from the membership;
b. Taking or compelling a person's statement or testimony in relation to matters set forth in requests for assistance.

3. Ensure the strictest confidentiality with regard to requests made by IOSCO members as well as any other matters that may arise under the MMoU.
4. Equip staff with the necessary skills and knowledge to be able to cater to the requests made from other IOSCO members and also to interface with different types of information and technologies.

In addition to signing the MMoU, the Commission, is a member of the IOSCO Board until 2014 and is the Third Representative on the Inter-American Regional Committee. Only signatories to the MMoU are allowed to serve on the board: an appointment to the Board requires attendance at all Board meetings which are held at various locations around the globe. These developments are a great accomplishment for Trinidad and Tobago as our nation strives toward achieving the highest standards of financial market development and regulation.

INVEST WITH CONFIDENCE!

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