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TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

INVEST WITH CONFIDENCE!

TTSEC welcomes New CEO & Deputy CEO



MR. C. WAINWRIGHT ITON

MS. LYSTRA LUCILLIO

In this issue, you will find articles on the new TTSEC Executive, MoU signing with CBTT, Protocol Signing with SDATT, compliance and inspection process, explanation of Section 54 of the Act, investor education initiatives for 2014 and IOSCO's latest developments.



FOREWORD



Professor Patrick Watson,
Chairman of TTSEC

Dear Stakeholder,

I am happy to welcome you to the first issue of the Commission's newsletter for 2014 and our seventh issue since 2012. This newsletter is one of the Commission's main channels of communication and serves to keep you au courant with pertinent information on legislation, regulatory matters, activities taking place within the Commission and issues of relevance to the securities industry in Trinidad and Tobago.

Since the penultimate issue, a lot has happened at the Commission. We conducted our first on-site inspection in the last quarter of 2013. This was indeed a noteworthy accomplishment for us as we implement these and other provisions of the Act. One of the major provisions of the legislation is the introduction of compliance reviews (on-site inspections) of Self-Regulatory Organizations and persons registered under Part IV of the Act, who include inter alia broker-dealers, investment advisers, underwriters and reporting issuers. Other activities which engaged the Commission over the last four months included:

- *Development of an Inspections Manual to guide the inspections process;*
- *Drafting of the proposed Amendments to the SA, 2012 and the proposed Securities (General) By-Laws;*
- *Financial audit (on-site review) of the Commission's affairs for the year ended September 30, 2013; and*
- *Launch of the Commission's Top Trader Investment Game.*

Effective September 30, 2013, Ms. Faydia Mohammed resigned from the Board of Commissioners and the term of Dr. Shelton Nicholls, the longest serving Commissioner, came to an end on November 30, 2013. The Commissioners and staff thank them for their service and dedication and wish them all success.

The New Year began with the official assumption of duties of the three members of the executive team. They are C. Wainwright Iton, Chief Executive Officer; Lystra Lucillio,

Deputy Chief Executive Officer and Candice Huggins, General Counsel. Mr. Iton, or "Wain" as he is fondly called, is no stranger to the securities and business sectors; he was the immediate former Chief Executive Officer of the Trinidad and Tobago Stock Exchange Limited for a number of years. Ms. Lucillio has been at the Commission since 2007 and was previously the Commission's Director, Information Management while Ms. Huggins previously held the position of Director, Legal Advisory and Enforcement/Corporate Secretary at the Commission. The Board of Commissioners wishes the three executives and other recently-appointed staff all success in their new roles.

On January 06, the Commission signed an important agreement with the Central Bank of Trinidad and Tobago (CBTT); a Memorandum of Understanding (MoU) *for the Exchange of Information, Cooperation and Consultation*. Two days later, the Commission formalised a Protocol with the Securities Dealers Association of Trinidad and Tobago (SDATT). Further details on these agreements are described in the following articles.

Over the past year, the Commission was unsuccessful in its search for a suitable location for its expanded operations. As such, the Commission will now occupy two locations in Port of Spain: its principal office remains on Dundonald Street and a satellite office at Princes Court on Keate Street. This will be a temporary measure until the Commission finds a suitable accommodation to house all of its Divisions.

In 2014, the Commission will have more duties as it conducts its original tasks of registration, market regulation, surveillance, enforcement and investor education coupled with the new provisions of the Act such as compliance and inspection. We look forward to your continued support and collaboration as we perform our role as regulator of the securities industry.

In this issue, you will find articles on the new TTSEC Executive, MoU signing with CBTT, Protocol Signing with SDATT, compliance and inspection process, explanation of Section 54 of the Act, investor education initiatives for 2014 and IOSCO's latest developments.

I thank you for taking the time to read our communiqué and encourage you to give us your feedback and thoughts.

My best wishes to you for 2014.

Patrick K. Watson
Chairman

Disclaimer: The information in this Quarterly Newsletter is provided as a service to the market. It is designed to provide information of a general nature and should not be used as a substitute for professional consultation or advice in relation to a particular matter. If you have any questions about a specific matter, you should consult the relevant department at the Commission.



HUMAN RESOURCE DEPARTMENT

The Human Resource Management Department is happy to introduce the Commission's Executive Management team:



Mr. C. Wainwright Iton

Mr. C. Wainwright Iton assumed duty at the Trinidad and Tobago Securities and Exchange Commission ("the Commission") on January 2, 2014 in the contract position of Chief Executive Officer for a period of three (3) years. Mr. Iton, popularly known as Wain Iton, is the immediate former Chief Executive Officer of the Trinidad & Tobago Stock Exchange Limited (TTSE); a position which he held since December 2007. Prior to that appointment, Mr. Iton ran a private consultancy offering guidance on corporate finance matters with particular emphasis on the structuring of initial public offerings (IPOs). From 1987 to 2004, Mr. Iton headed the Jamaican Stock Exchange (JSE) and is credited with leading the transformation and modernisation of the Exchange from a manual operation to a fully computerised marketplace. He was also instrumental in helping shape legislation relating to securities laws. As Chief Executive Officer of the Commission, Mr. Iton will have the overall responsibility for the regulation of the securities industry to ensure the stability of the financial system and the protection of investors.



Ms. Lystra Lucillio

Ms. Lystra Lucillio assumed duty in the contract position of Deputy Chief Executive Officer on January 02, 2014 for a period of three (3) years. Ms. Lucillio, who has been employed at the Commission since 2007, previously held the position of Director, Information Management. In that position, she was charged with the delivery of strategic and tactical information systems, project management, business continuity and disaster recovery. As Deputy Chief Executive Officer, Ms. Lucillio will work closely with the Chief Executive Officer to ensure the overall management and performance of the Commission. Ms. Lucillio is the holder of an undergraduate degree in Computer Science and Management Studies (honours) and a Master of Business Administration degree in Finance.



Ms. Candice Huggins

Ms. Candice Huggins assumed duty in the contract position of General Counsel on January 2, 2014 for a period of three (3) years. Ms. Huggins who has been employed at the Commission since February 2013, previously held the position of Director, Legal Advisory and Enforcement/Corporate Secretary. Ms. Huggins is an Attorney-at-Law, who has been called to the Bar of Trinidad and Tobago, the British Virgin Islands and the Cayman Islands. She has advised extensively on all aspects of regulatory and international law, litigated in the area of white-collar crime as well as developed and implemented risk and compliance programmes. As General Counsel, Ms. Huggins has overall responsibility for the establishment of the Commission's policy on legal matters and will serve as the Chief Legal Advisor to the Board of Commissioners on all legal matters and services performed within, and/or involving the Commission.

Expiration of Term of Commissioners

The three-year appointment of the following members of the Board of Commissioners will expire as follows:

| | |
|---------------------|---------------------|
| - Mr. Horace Mahara | - January 30, 2014 |
| - Ravi Rajcoomar | - January 30, 2014 |
| - Marsha King | - February 12, 2014 |

TTSEC in historic MOU signing with CBTT



The Trinidad and Tobago Securities and Exchange Commission (TTSEC) signed a historic Memorandum of Understanding (MoU) with fellow regulator in the financial sector, the Central Bank of Trinidad and Tobago (CBTT) on January 06 in Port of Spain, Trinidad.

This TTSEC-CBTT MoU represents a common understanding by the two authorities about how they will consult, cooperate, and exchange information for regulatory enforcement purposes and is expected to promote integrity, efficiency and financial soundness of the capital market. This agreement formalises and serves as a symbol of the pledge by both regulators to use reasonable efforts to provide any information that they possess which may relate either to the safety and soundness of any Financial or Licensed Entity under their regulatory supervision or the efficiency of the securities market.

This landmark event comes on the heels of the TTSEC joining a select group of 99 organizations to become a Full Signatory to the International Organization of Securities Commissions' (IOSCO's) Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information in June of 2013.

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

a) Sharing of information with foreign regulators;

b) Enhanced international reputation and credibility; and

c) Increased investor confidence in its market for securities.

The passage of the Securities Act 2012 in December 2012 greatly assisted the Commission's application in becoming a Full Signatory. The Act has at its core, the promotion of regulatory cooperation, enhancement of disclosure obligations, strengthening of the regulatory framework, fostering transparency and facilitating an increase in the TTSEC's enforcement powers. The Act also places greater emphasis on prosecuting market misconduct and manipulation.

The TTSEC is currently finalising the details of an MoU with the Financial Intelligence Unit (FIU), the third regulator within the financial services industry. This agreement is expected to be signed by February.

The Chairman of the TTSEC, Professor Patrick Watson gave his commitment that the TTSEC will continue to re-evaluate the conceptual framework and operational regime for the regulation of the industry, in order to ensure continued growth and financial stability of the market, while simultaneously protecting investors. The Commission further resolves to continue collaborating with all key stakeholders in order to ensure that confidence is built in the entire financial system and the economic foundation of the country is strengthened.

TTSEC signs Protocol with SDATT



On January 8, 2014, the Trinidad and Tobago Securities and Exchange Commission (TTSEC) conducted its first official stakeholder engagement for 2014 with the Securities Dealers Association of Trinidad and Tobago (SDATT). At this meeting, a Protocol governing the relationship between these two entities, was executed by the Chairman of the Commission, Professor Patrick Watson and President of SDATT, Gregory Hill.

The TTSEC-SDATT Protocol recognises and formalises the ongoing collaborative working relationship between the TTSEC and SDATT. This Protocol was drafted on the premise that both the Commission and SDATT must continue to engender and nurture a long term, positive relationship wherein both organisations may consult with each other and work together to identify and address industry concerns.

Section 19(2) of the Securities Act 2012 ('SA 2012') mandates the Commission to co-operate with, provide information to,

and receive information from other self-regulatory bodies or organizations. Whilst there is no legal requirement for the creation of a Protocol between the two entities, the Commission believes that this agreement will go a long way in mitigating and alleviating issues that have arisen over time regarding the regulation of the industry.

At this meeting, the TTSEC also presented an update to the members of SDATT on the preparation of the Securities Sector for the 4th Round Caribbean Financial Action Task Force (CFATF) Mutual Evaluation and facilitated a presentation by PricewaterhouseCoopers entitled "An Introduction to the Foreign Account Tax Compliance Act (FATCA)."

The Commission intends to convene official meetings with its main stakeholder groups in order to ensure that partnership, collaboration and cooperation remain common ethos.



COMPLIANCE AND INSPECTIONS

Information on on-site inspections of self-regulatory organizations and persons registered under part IV of the Securities Act 2012



The Securities Act 2012 (the Act) was passed in Parliament on December 28, 2012 and came into force on December 31, 2012. One of the major provisions of the legislation is the introduction of compliance reviews (on-site inspections) of Self-Regulatory Organizations and persons registered under Part IV of the Act, who include inter alia broker-dealers, investment advisers, underwriters and reporting issuers. **This article will therefore provide information to these organizations and persons so that they can fully understand the objectives of the Trinidad and Tobago Securities and Exchange Commission (the Commission) in the inspections process as well as the methods which will be used by the staff of the Commission during this activity.**

I. Purpose of Inspections

In accordance with Section 89 of the SA 2012, the Commission is permitted to review the books, records and other documents that are required to be kept by market intermediaries or Self-Regulatory Organizations under Section 87 for the purposes of determining whether the provisions of the Act, the Proceeds of Crime Act, the Anti-Terrorism Act, or any other written law in relation to the prevention of money laundering and combatting the financing of terrorism, or any other law that is administered by the Commission, are being complied with.

The main purposes of inspections are to:

- Ensure that registrants are operating in compliance with the legislation;

- Help identify compliance problems and areas of emerging risk, which if they occur can adversely affect investors; and
- Review allegations of improper practices.

The process of conducting an on-site inspection is described below:

II. The Inspections Process

Inspections will be conducted by a professional inspection team from the Commission. Since the passage of the Act, the Commission has been developing its capacity to execute its new mandate under the legislation.

Entities may be selected for inspection for any number of reasons, including routine inspection, in connection with a review of a particular compliance risk area or because of an investor complaint. The on-site inspection may also include the review and testing of Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT) policies and procedures.

Inspections may be announced (i.e. provided with "reasonable notice" of an inspection) or unannounced (i.e. where very little notice is provided). The time frame for such notice can be two weeks prior to the inspection visit. When an inspection is announced, the Commission will deliver a **Notification Letter** advising of the inspection and a Document Request List identifying certain information or documents that the Commission's inspection team will review during the

CONTINUED ON PAGE 7



COMPLIANCE AND INSPECTIONS

inspection. In some instances, the team may request certain information in an electronic format. A person may be asked for the information and documents to: (1) be delivered to the Commission's offices by a specific date; (2) be available for review at the person's offices on a specific date; or (3) some combination of the two.

Persons are advised to communicate promptly with the Commission if there are any questions about the documents and / or the requested information. In all cases, producing requested information and documents in a timely manner will facilitate the efficient completion of the inspection.

In most cases, an on-site inspection will be conducted by the Compliance and Inspections team. Upon arrival, the team will present their Commission identifications and may conduct an initial interview with the CEO and senior officers of the entity. During this initial interview, a team lead or liaison will be identified and discussions will be held on the entity's operations and the area and scope of the inspection. The inspection team may ask for an overview of the operations and work flow practices.

If the inspection is unannounced, when the inspection team arrives, persons will be provided with an **Information/Document Request List** and an initial interview will be conducted. At this initial phase, the inspection team will review the information and documents provided and may make supplemental requests for additional information. Requests may also be made for meetings with employees to discuss specific aspects of the operations and clarification on information provided. These meetings help provide the inspection team with a better understanding of the entity's activities and compliance processes.

On the last day of the on-site visit, the inspection team will meet with the CEO and senior officers of the firm to outline the way forward regarding the on-site inspection. Findings and recommendations are not discussed at this time but this meeting can be used to clarify any matters that arose during the process.

Completing an Inspection

The team is mandated to complete the Inspection Report (within 120 days). During this time, the liaison in the inspection team can make additional contact to request clarification or further information. Following this, a Findings and Recommendations document would be forwarded to the entity for comment. Once the entity's response to the Findings and

Recommendations document has been received, two additional meetings will be held:

1. Wrap Up Meeting – The inspection team and the Head of the Compliance and Inspections Division will meet with senior staff of the firm to discuss the issues identified and the corrective actions to be undertaken. During this discussion, the person will be given an opportunity to respond to any of the issues that the inspection team identified and provide additional relevant information, including any actions that were taken or are to be taken to address the issues.

2. Exit Meeting – This meeting is held at the Commission's office with the senior management of the firm i.e. Managing Director or Chief Executive Officer, to discuss the issues identified and the corrective actions as suggested in the Report. The information discussed at that meeting should be the same as detailed in the Findings and Recommendations document.

The inspection team will complete an **On- Site Report** identifying any noted deficiencies and corrective actions to be undertaken by the firm within 120 days. If the inspection team is unable to complete the task within that timeframe, on or about the 120th day, the person will be contacted to discuss the status of the inspection and the likely scheduled date of completion.

On completion of the **On- Site Report**, the firm will be informed and an official copy will be forwarded for their records. All issues identified must be addressed by the person and reported to the Commission within the recommended dates, before issues are closed. The Commission could also undertake a follow-up visit to confirm implementation of the action(s).

If serious problems are found, the inspection staff may refer the issues or problems to the Commission's Division of Legal Advisory and Enforcement for action and a **Deficiency Letter** may be issued.

If you have any questions, comments, complaints or concerns, either during the inspection or after it is completed, it is important to raise them with the inspection team or with the team's liaison. Most questions and issues can be resolved by discussing them with members of the inspection team. You can also direct comments or queries to Ms. Rosalind King at 624-2991 or rosalindk@ttsec.org.tt.



Demystifying Section 54 of the Securities Act 2012

The Division of Disclosure Registration and Corporate Finance (“DR&CF”) will continue to use this communiqué to raise awareness of some of the more salient differences between the Securities Industry Act 1995 (“SIA 1995”) and the Securities Act 2012 (“SA 2012”).

In this article, we examine Section 54 of the SA 2012 which prescribes certain requirements for Substantial Shareholders of registrants who are registered with the Commission under Section 51(1) of the SA 2012. Registrants under section 51(1) of the SA 2012 are Broker-Dealers, Investment Advisers and Underwriters.

Section 54(7) of the SA 2012 defines a Substantial Shareholder as “any person who directly or indirectly, whether alone or with another person, beneficially owns, or has control or direction over, or proposes to own or acquire control or direction over more than ten percent of the outstanding voting securities of the registrant under section 51(1).”

Requirements for Approval

Section 54(1) of the SA 2012 provides that:

“... a person shall not become a Substantial Shareholder without first being approved by the Commission as being fit and proper...”

In essence, Section 54(1) of the SA 2012 states that before someone acquires 10% or more of a Broker-Dealer, an Investment Adviser, or an Underwriter's voting securities, that person must be approved by the Commission as being fit and proper. Section 54(2) of the SA 2012 also indicates that a person who becomes a Substantial Shareholder through inheritance must apply to the Commission for approval within one month of him becoming aware that he/she is a substantial shareholder.

In assessing whether someone is *fit and proper* to become a Substantial Shareholder, the Commission must take into account:

- (a) the financial condition and solvency of the person;
- (b) the educational and other qualifications and experience of the person;
- (c) the ability of the person to perform his proposed business efficiently, honestly and fairly;
- (d) the ability of the person to comply with the requirements of this Act applicable to the category of registration for which he is applying;
- (e) the character, financial integrity and reliability of the

- person; and
- (f) additional requirements as may be prescribed by the Commission in By-Laws.
- (g) the criminal record of the individual.

The actual form and the requirements for approval to become a Substantial Shareholder will be outlined in the Securities General By-Laws 2014 which have not yet been enacted. In the interim, persons who are desirous of becoming Substantial Shareholders of registrants under Section 51(1) of the SA 2012 are encouraged to inform the Commission in writing. These matters will be reviewed and dealt with on a case by case basis.

Persons who are not Fit and Proper

Sections 54(5) and (6) of the SA 2012 also provides, for what must take place when an applicant is not *fit and proper* or when an existing shareholder is no longer *fit and proper*. If an applicant for approval is not *fit and proper* then that applicant cannot become a Substantial Shareholder of a Section 51(1) registrant of the SA 2012.

If, however, an existing Substantial Shareholder of a Section 51(1) registrant of the SA 2012, is no longer *fit and proper*, then that person will be notified of such and will only be able to exercise up to 10% of the voting rights in relation to that registrant's securities.

Approval

Persons who were Substantial Shareholders before the SA 2012 came into force (on December 31, 2012) have been approved as Substantial Shareholders in accordance with Section 54(8) of the SA 2012. Further, Section 54(3) of the SA 2012 confirms that companies licensed under the Financial Institutions Act, 2008 as well as persons registered with the Commission under Section 51(1) of the SA 2012, have also been approved to become Substantial Shareholders.

Going Forward

The provisions of Section 54 of the SA 2012 are new provisions which were not included in the SIA 1995. **Consequently, the Commission through the Division of Disclosure, Registration and Corporate Finance, will embark on an exercise to inform registrants about the provisions of Section 54 of the SA 2012.** Any questions or concerns regarding Section 54 or becoming a Substantial Shareholder of a registrant under Section 51 can be forwarded to the Commission via the following email address: sa2012@ttsec.org.tt



OICU-IOSCO NEWS

MMoU gains 100th signatory in fight against financial misconduct

The Indonesian Financial Services Authority this week became the 100th signatory to the IOSCO Multilateral Memorandum of Understanding on Cooperation and Exchange of information. The MMoU is the instrument used by the International Organization of Securities Commissions (IOSCO) to combat cross-border financial services misconduct.

Securities regulators use the MMoU to share with each other essential investigative material, such as beneficial ownership information, and securities and derivatives transaction records, including bank and brokerage records. The MMoU sets out specific requirements for the exchange of information, ensuring that no domestic banking secrecy, blocking law or regulation prevents the provision of enforcement information among securities regulators.

Gaining the 100 signatories to the MMoU (out of a total of 125 eligible IOSCO members) marks a watershed moment for the organization. **Established in 2002, the MMoU is the cornerstone of IOSCO's efforts to eradicate potential safe havens for wrong-doers. IOSCO believes that as long as jurisdictions remain outside the international enforcement regime of the MMoU, they create gaps in IOSCO's global enforcement network.**

Greg Medcraft, the Chair of the IOSCO Board, said: *"The MMoU is the foundation on which IOSCO's proud record of regulatory cooperation is based. It is a vital instrument supporting our global objectives of confident and informed investors, fair, efficient and transparent markets and reducing systemic risk. The fact we now have 100 signatories is, therefore, a significant milestone for IOSCO. I particularly welcome recent signatories from the Asia-Pacific region - Indonesia and Bangladesh".* The Chairman of Indonesia Financial Services Authority (IFSA), Muliaman D Hadad, said *"IFSA viewed this moment as a milestone in Indonesia FSA's commitment to mutual*

assistance and the exchange of information for the purpose of enforcing compliance with the laws and regulations of the relevant jurisdictions, emphasizing the role of securities regulators to assist each other".

IOSCO has taken significant steps to encourage its members to introduce the measures needed to become a Signatory to the MMoU. Pursuant to the 2010 and 2012 Resolutions of the IOSCO Presidents Committee, IOSCO published in 2013 a list of members who had not yet signed the MMoU. It also pledged to provide a comprehensive program of technical assistance and political support to non-signatory members who required it.

In September 2013, IOSCO adopted additional measures that gradually restrict the opportunities for non-signatory members to influence key IOSCO decisions, due to the limited support they can lend to IOSCO's enforcement efforts.

Indonesia is the third jurisdiction to sign the MMoU in just over a month: The Bangladesh Securities and Exchange Commission became a Signatory on 22 December, and the Financial Services Commission of Gibraltar signed on 20 December.

The growing number of signatories in recent years, has contributed to a sharp increase in cross-border cooperation among IOSCO members, enabling regulators to investigate a growing number of inside traders, fraudsters and other offenders. In 2006, a total of 520 requests for assistance were made pursuant to the MMoU. The annual figure increased to 1,624 in 2010, to 2,088 in 2011 and to 2,374 in 2012.

The Trinidad and Tobago Securities and Exchange Commission became a Full Signatory to the IOSCO MMoU on June 19, 2013.

IOSCO/MR/02/2014 -MADRID, 24 January 2014



DIVISION OF CORPORATE COMMUNICATIONS, EDUCATION AND INFORMATION

TTSEC searches for a Top Trader



In an effort to create a more investor-literate citizenry and encourage further development of the local securities market, the Trinidad and Tobago Securities and Exchange Commission (TTSEC) in partnership with the Trinidad and Tobago Stock Exchange Limited, launched an online game titled Top Trader Investment Game for citizens over the age of 18 years. **This Game, which must be played using Facebook, is designed as an interactive tool to help participants understand the basics of investing in the stock market and securities products.** This competition encourages participants to build and manage an investment portfolio by evaluating stocks, managing risks and practising other investment fundamentals.

To begin competing, players will be given a notional sum of TT\$15,000.00 to invest in the Trinidad and Tobago stock market and subsequently begin building their portfolios. Portfolios will show increases or decreases over the course of the game, thus reflecting actual changes in the Trinidad and Tobago Stock Market. Players are allowed to keep some cash on hand, but to begin playing, they must spend a total of at least \$14,000.00 of their \$15,000.00 starting sum. **The 3 players with the highest portfolio values at the end of the period will be judged the winners; whereas inactive or dormant portfolios over the period, will be disqualified.**

The prizes, which have been sponsored by the Trinidad and Tobago Stock Exchange Limited, have no cash equivalent but will entitle winners to purchase stock

on the Exchange. The First Prize is \$7,500.00 with the Second and Third Prizes being \$5,000.00 and \$3,500.00 respectively.

This competition, which is being coordinated by the Commission's Division of Corporate Communications, Education and Information, officially runs from January 02 to March 7, 2014 and is the third competition that the Commission is conducting with the nation's youth. In July 2012, the Commission conducted an Essay Competition for children between the ages of 13 to 17 years and an Investor Education Competition for young people between the ages of 18 to 25 years in March 2013.

In 2014, the Commission intends to continue engaging the young people of the country so that they can understand the importance of investing as early as possible and will not be reluctant to become an active participant in the securities market. As the regulator for the securities market, we believe that it is our duty to ensure that as much information is available to investors and potential investors so that prudent decisions can be made. **Some of the Division's tactics for investor education include the creation of an investor education mobile phone application and other digital media applications.** The Commission will continue to employ novel and dynamic ways to create a more investor literate citizenry who can actively participate in the securities market and ultimately contribute to the development of the economy.



Why and How does the Commission conduct Investigations?

The powers provided for under Section 150 allow the Commission to conduct an investigation into possible infringement of securities laws or the appearance of market misconduct and to obtain information under Section 151. Over the next three issues of this communiqué, the Division of Legal Advisory and Enforcement will provide information on the Trinidad and Tobago Securities & Exchange Commission's ('the Commission's') power to investigate potential violations of the Securities Act 2012 ('SA 2012'), to obtain information under same, and to assist in the regulation and administration of securities laws in a foreign jurisdiction. This introductory article will focus on the Commission's ability to investigate potential violations.

We will like to underscore that this article is for information purposes only and is without prejudice to any formal interpretation of the Commission's powers under Sections 150 and 151 of the SA 2012.

We intend to give guidance by:-

- explaining how the Commission interprets the law under Sections 150 and 151 of the SA 2012; and
- describing the methodology underlying the Commission's approach whilst addressing potential challenges to same.

Section 150- Authority of the Commission to conduct Investigations

The following bullets refer to the sub-sections under Section 150

- (1) (a) The Commission may, in its discretion, appoint a person to conduct such investigations as it deems necessary to determine whether any person has violated, is violating or is about to violate any section of the SA 2012.

(b) On request from or in an effort to assist a foreign jurisdiction, the Commission may provide assistance if the requesting authority states that it is conducting an investigation which it deems necessary to determine whether any person has violated, is violating, or is about to violate any laws or rules relating to securities matters that the requesting authority administers or enforces. **The Commission may, in its discretion, appoint a person to conduct such investigation as the Commission deems necessary to collect information and evidence pertinent to the request for assistance.**
- (2) (a) and (b) A person appointed by the Commission under sub-Section 1, is empowered to examine a multitude of areas with respect to the affairs of a person under investigation. The investigator's powers

under this sub-section are broad in scope.

- (3) The power under sub-Section 3, empowers any person appointed by the Commission to have access to documents, and make copies or remove from the premises, the material that is the basis of the investigation.
- (4) **The Commission has the power to appoint a person for the purposes of conducting its investigations and to enter the business premises with consent, so that these examinations can be conducted.** The possibility exists that consent may be refused. Any such likely refusal will result in the Commission's application for an *ex parte* order.
- (5) In a situation where a person or entity refuses to submit to an investigation or the information pertaining to an examination is destroyed, the Commission may instead opt to apply to the High Court for an *ex parte* order to enter the premises to conduct the investigation as an alternative.
- (6) The Commission shall require any person appointed under this Section to submit a report in writing and detail all the facts and circumstances concerning the matter investigated.
- (7) **The Commission is authorised in its discretion, to publish information concerning any such violations, investigations, or matters as it may deem necessary or proper to aid in the enforcement of this section or where disclosure would serve the public interest.**
 - (a) The purpose of giving a hearing to a person potentially directly and materially adversely affected by the Commission's discretion to publish a report or other information, is to enable that person or entity to make submissions or provide same with an opportunity to be heard on how the Commission should exercise its discretion.
 - (b) The condition is that a person or entity that would be affected by information being published will be given fourteen days' notice prior to such publication.
- (8) Any and all documents removed from the premises for the purposes of an investigation shall be returned.
- (9) Statements provided by individuals for the purposes of an investigation are not to be used in criminal proceedings against said individuals.

In the next issue, we will focus on Section 151- Authority of the Commission to obtain Information.



TTSEC CEO and DCEO pay Courtesy Call on Minister Howai

On January 17, C. Wainwright Iton and the Commission's Deputy Chief Executive Officer, Lystra Lucillio, paid a courtesy call on the Minister of Finance and the Economy, Senator the Honourable Larry Howai. Horace Mahara, a member of the Board of the Commissioners, also attended this introductory meeting. Some of the items discussed included the upcoming debate in the Lower House and Senate on the amendments to the Securities Act, ensuring a full complement of the board, the need to become a financially independent entity and the sourcing of a new building for the Commission.

The Trinidad and Tobago Securities and Exchange Commission is responsible for regulating the securities industry. Securities are investment instruments with a financial value used to create wealth. Do you own stocks or shares in a company registered on the Trinidad and Tobago Stock Exchange? Do you participate in a mutual fund? Have you ever taken part in a government bond issue? If you answer yes, then you are an investor and you need to understand your rights and responsibilities.



INVEST WITH CONFIDENCE!



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