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TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION

INVEST WITH CONFIDENCE!



TTSEC and FIU sign MoU concerning cooperation and information sharing

In this photo, Professor Patrick Watson (left), Chairman of the TTSEC signs the MoU with the Financial Intelligence Unit of Trinidad and Tobago (FIU). Looking on are Susan Francois (right), Director, FIU and Jwala Rambarran, Governor of the Central Bank of Trinidad and Tobago.



FOREWORD



Dear Valued Stakeholder,

Thank you for taking the time to read Issue # 9 of our Quarterly Newsletter, which is one of the main ways that we communicate with the market participants, stakeholders and investors. Since the start of this publication, through my Foreword, I have sought to provide an overview of the activities of the Commission and the latest developments in the securities market. This overview will now be included in the CEO's Report which follows. In this issue, you will also find articles on the auspicious MoU signing with the FIU, our second investor education webinar, market misconduct, the role of registered representatives, IOSCO developments and AML/CFT public statements.

As Chairman, I give you my assurance that the TTSEC, as the nation's securities regulator, is committed to ensuring that the securities market is fair, efficient and transparent and to creating an environment in which investors can comfortably invest and have peace of mind.

I thank you for taking the time to read this issue and I hope you enjoy the information presented herein.

Patrick F. 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.

The Trinidad & Tobago Securities & Exchange Commission in 2014 and Beyond

By C. Wainwright Iton, Chief Executive Officer

In a document titled "Objectives and Principles of Securities Regulation," the International Organization of Securities Commissions (IOSCO) sets out thirty eight (38) principles which are based upon three (3) universal objectives of securities regulation. These are:

- i. **Protecting investors**
- ii. **Ensuring that markets are fair, efficient and transparent**
- iii. **Reducing system risk**

IOSCO advises that "the thirty eight (38) principles need to be practically implemented under the relevant legal framework to achieve the Objectives of regulation described above." In its quest to provide Trinidad & Tobago and the regional and global investing public with a well regulated securities market, the Trinidad & Tobago Securities & Exchange Commission (TTSEC), as a member of IOSCO, is fully committed to the implementation of these principles. Our approach to regulation is Risk-Focused, Disclosure-Based, Industry-Aware, with optimal information sharing and cooperation among regulators.





The Trinidad & Tobago Securities & Exchange Commission in 2014 and Beyond *cont'd*

On January 02, I assumed duties as Chief Executive Officer and since then, a number of noteworthy activities have occurred. Some of these include:

1. Memoranda of Understanding (MoUs) and Protocols

Since January 2014, the TTSEC has signed four (4) MoUs with sister regulators, all aimed at reducing systematic risk:

- a) On January 6, an MOU was signed with the Central Bank of Trinidad & Tobago (CBTT), the nation's primary regulator of the financial sector.
- b) On January 8, a Protocol was signed with the Securities Dealers Association of Trinidad & Tobago (SDATT) which provides a direct communication channel with one of the TTSEC's major constituencies.
- c) On April 9, the Commission signed an MoU with the Barbados Financial Services Commission, the Jamaica Financial Services Commission and the Eastern Caribbean Securities Regulatory Commission (ECSC); all members of the Caribbean Group of Securities Regulators (CGSR) to facilitate regulation between these markets. It is hoped that in the near to medium term, the CGSR would follow the European regulators "passport approach" to securities regulation.
- d) On May 21, an MoU was signed with the Financial Intelligence Unit (FIU). The SA 2012 gives the TTSEC definitive anti money laundering (AML/CFT) oversight of its registrants. As such, it is imperative for us to work closely with the FIU to preserve the integrity of the securities sector (*Pages 8-9 provide additional details of this agreement*).

The TTSEC has also held quarterly meetings with the Trinidad & Tobago Stock Exchange (TTSE) and Central Depository and a formal MoU will be signed shortly. Regular meetings with the Bankers Association of Trinidad & Tobago (BATT) have also been convened.

Our approach to regulation is underpinned by open dialogue and information sharing with our fellow regulators in an effort to minimise and eliminate opportunities for regulatory arbitrage. Our registrants are encouraged to

engage us openly and frequently on all matters related to the administration of the SA 2012 and the attendant By-Laws and Guidelines. Open dialogue makes for clearly understood communication.

2. The Securities (Amendment) Bill 2013

At the time of the passage of the SA 2012 in December 2012, there was a commitment to enact certain amendments, within a six (6) month period. The Securities (Amendment) Bill with some sixty eight (68) amendments was passed in the Senate on July 9, 2014 and the Lower House on July 17, 2014 and it is anticipated that it will be assented to very soon. Once finalised, the TTSEC will begin a campaign to inform the public about the amendments. I wish to commend my colleagues, Astraea Douglas, Craig Cumberbatch, Kevin Deopersad, Reshma Gupta and Janine Carrera, who all gave a herculean effort to see this project to completion.

3. The TTSEC re-elected to IOSCO's Board of Directors

At a meeting of the Inter American Regional Committee (IARC) in Mexico on May 8, 2014, the TTSEC was re-elected (along with Mexico and Peru) as one of three representatives on the IARC of IOSCO for the period 2014-2016 (*More information is provided on Page 4*).

4. A look ahead

The remaining five (5) months of 2014 are full of challenges, as we pursue our goals of investor protection; fair, efficient and transparent markets and the reduction of systemic risk. Our recently established Compliance and Inspection Division will continue to build capacity and recruit new staff to assist in our on-site examination programme.

In conclusion, I wish to recognise the hard work of all my colleagues at the TTSEC as we undertake the tasks at hand.



TTSEC re-elected to the Board of the Inter-American Regional Committee



In this photo, David Wright, centre, Secretary General of IOSCO is flanked by Tajinder Singh, left, IOSCO's Deputy Secretary General and Professor Patrick Watson, Chairman, TTSEC.

On Thursday May 08, at a meeting of regional and international securities regulators in Mexico City, Mexico, the Trinidad and Tobago Securities and Exchange Commission (TTSEC) was re-elected as one of three representatives on the Inter-American Regional Committee (IARC) of the International Organization of Securities Commissions (IOSCO) for the period 2014-2016. At this meeting, Mr Jaime González Aguadé, President, CNBV Mexico, was elected as the IARC's new Chair and will serve for the remaining term until the IOSCO Annual Meeting in September 2014 and for the following term 2014-2016. The TTSEC will continue to work closely with the newly elected Chair to bring the interests, needs and opinions of the securities regulators of the region to the attention of the IOSCO Board.

The Inter-American Regional Committee (IARC) comprises twenty-eight (28) securities regulators from the Caribbean, United States of America, Canada, Central America and South America which all share unique issues and interests as a result of their historical, socio-cultural and legislative characteristics. The IARC therefore, is the vehicle through which IOSCO seeks to give representatives of the Americas, the opportunity to jointly bring issues that may have particular relevance to the region or to members within the region to the fore.

As the international standard setter organisation, IOSCO's overall objectives are to assist its members to:

- Cooperate to promote high standards of regulation in order to maintain fair, efficient and sound markets;

- Exchange information on their respective experiences in order to promote the development of domestic markets;
- Unite their efforts to establish standards and an effective surveillance of international securities transactions; and
- Provide mutual assistance to promote the integrity of the markets by a rigorous application of the standards and by effective enforcement against offences.

TTSEC's Chairman, Professor Patrick Watson and its Chief Executive Officer, C. Wainwright Iton, represented the Commission at this auspicious meeting. In addition to being a representative of the IARC, the Commission is also a member of the IOSCO Board, IOSCO's Growth and Emerging Markets Committee, IOSCO's Growth and Emerging Markets Steering Committee and IOSCO's Presidents Committee. The Trinidad and Tobago Securities and Exchange Commission is the sole regulator from the Caribbean on the IOSCO Board.

More information about IOSCO:

Established in 1983, IOSCO's membership regulates more than 95% of the world's securities markets and develops, implements, and promotes adherence to internationally recognised standards for securities regulation.



In this photo, Arlene Stephen co-moderates the Content Delivery Breakout Session at the Sixth IOSCO/IFIE Investor Education Conference in Washington DC, USA.

TTSEC is now part of IFIE Americas Leadership Team

Arlene Stephen, TTSEC's *Director, Corporate Communications, Education and Information* has been appointed to the leadership team of the International Forum for Investor Education (IFIE) Americas Chapter. Ms. Stephen also represents the Commission on the Content Delivery Working Group of IFIE Americas Chapter.

IFIE is a global membership organisation committed to strengthening resources and standards for financial capability and investor education within and across jurisdictions through global conferences, webinars, surveys, a resource clearinghouse, the development and distribution of best practices, implementation strategies and leadership support. IFIE also has a global regional Chapter network of members in Asia (IFIE/AFIE), MENA (IFIE/MENA) and the Americas (IFIE/Americas) that work together to develop and implement approaches to regional challenges in financial education, financial capability and investor education

Since its establishment in 2005, IFIE has been considered a unique alliance that brings together private sector and public sector providers of investor education. The ultimate aim of this international body is to improve the effectiveness of investor education programmes around the world. Its mission is to help investors in all financial markets better understand the risks and opportunities associated with various types of investments and the investment process.

At the recently concluded sixth joint IOSCO/IFIE Investor Education Conference in Washington, D.C, USA, Ms. Stephen participated in the conference's activities and sessions and also co-moderated the Content Delivery Breakout Session. Coordinated under the theme "Apply Theory To Action: Implementing Financial Capability/Investor Education Best Practices & Lessons Learned," the conference attracted 120 participants from the IFIE chapters and other regulatory entities.

For more information on IFIE, you can visit <http://www.ifie.org>





In our 6th newsletter, the Division of Disclosure, Registration and Corporate Finance (“DR&CF”) sought to explain the concept of a Registered Representative – a new category of registration which was introduced with the enactment of the Securities Act, 2012 (“SA 2012”) on December 31, 2012. Given recent events and decisions of our Board of Commissioners, we recognise a need to go a step further, in an effort to ensure that our Broker-Dealers, Investment Advisers and Underwriters (hereafter referred to Section 51(1) Registrants) are aware of and understand the requirements for maintaining their registration with the TTSEC.

THE REQUIREMENT FOR REGISTERED REPRESENTATIVES

With the enactment of the SA 2012, there is now a requirement for Section 51(1) Registrants to have particular employees registered as *Registered Representatives* in accordance with Section 51(2) of the SA 2012. *Registered Representatives* are the employees or officers of Section 51 Registrants who carry out securities activities on behalf of the Registrants.

In the absence of the Securities General By-Laws (“the By-Laws”) which are meant to accompany the SA 2012, the criteria to fulfil this requirement for registration of *Registered Representatives* are not yet clearly defined. As such, the Commission has been providing guidance to Section 51(1) Registrants and applicants for registration as Section 51(1) Registrants on these requirements via general circular letters, articles in this Newsletter and on a case by case basis. This article will seek to bring additional clarity to this requirement for Section 51(1) Registrants to have *Registered Representatives* as well as identify the potential ramifications if this requirement is not satisfied where the registrants in question are either:

- A. Transitioned Entities – which were registered as Market Actors (Securities Companies, corporate form Investment Advisers, and Underwriters) under the Securities Industry Act, 1995 (“SIA 1995”) **before** the SA 2012 came into force. These entities would have benefited from the transitional provisions of Section 53 of the SA 2012 and be deemed to be Section 51(1) registrants; or
- B. Entities registered under Section 51(1) of the SA 2012 **after** the SA 2012 came into force.

A. TRANSITIONED ENTITIES

Entities registered as Market Actors under the SIA 1995 as at December 31, 2012, would have “**transitioned**” under Section 53 of the SA 2012. The transitional provisions at Section 53 of the SA 2012 provided that these entities would be deemed to be registered under the SA 2012. The table below identifies some of the categories of registration that existed under the SIA 1995 and what those entities would be deemed to be registered as under the SA 2012:



Category of Registration under SIA	Deemed Registration under Section 53(1) of SA 2012
Broker in the employ of Securities Company	Registered Representative
Dealer	Broker-Dealer
Investment Adviser	Investment Adviser
Securities Company	Broker-Dealer
Trader	Registered Representative
Underwriter	Underwriter



REQUIREMENT FOR REGISTERED REPRESENTATIVES *cont'd*

The transitional provisions also authorised these entities to conduct the specific activities that they were allowed to conduct with their registration under the SIA 1995, for a period of one year.

This transitional period was supposed to have expired on December 31, 2013 but was extended by an additional year by an Order of the Commission, to December 31, 2014. As such, these entities can continue the activities, which they were allowed to conduct by virtue of their registration under the SIA 1995, until December 31, 2014, provided that they continue to meet the conditions which were required for their registration under the SIA 1995.

In order to hold registration under the SIA 1995, these entities (Securities Companies, corporate form Investment Advisers and Underwriters) were required, *inter alia*, to have an individual in their full time employment (who met certain criteria), who would be responsible for the discharge of their obligations in relation to their operations as Market Actors. Where the Market Actor in question was a Securities Company that conducted Brokerage, that company needed to have a **registered** Broker in its employ. Apart from that, the employees who were designated as being responsible for the discharge of the entities' obligations as Market Actors were not required to be **registered** with the Commission. Once the Commission verified that those persons met certain pre-requisites, these employees were recognised as being responsible for the entities' business as Market Actors.

As it relates to *Registered Representatives*, the transitional provisions allow for only individuals holding outright registration with the Commission, such as Brokers and Traders, to be deemed to be registered under the SA 2012. **Persons therefore who had not been previously registered but only recognised as responsible for their employer's securities business, did not automatically transition to hold registration with the TTSEC in any capacity under the SA 2012.** Nevertheless, and despite the requirement of Section 51(2) for the registration of certain employees of registrants as *Registered Representatives*, Section 53 of the SA 2012 allows Market Actors who were registered under the SIA 1995 to continue operations, *ceteris paribus*, until December 31, 2014. We expect that by that time, the Securities General By-Laws 2014 will be enacted, which will identify what all Section 51(1) registrants will need to do to ensure that all of their relevant employees are duly registered as *Registered Representatives*. At that

point, all Section 51(1) Registrants (regardless of whether they were transitioned under section 53 or registered after the SA 2012 came into force), will be required to ensure that their relevant employees are duly registered as *Registered Representatives*.

B. ENTITIES REGISTERED UNDER THE SECURITIES ACT, 2012

Section 51(2) of the SA 2012 specifies the need for individuals in the employ of Section 51(1) Registrants and who conduct securities activities on behalf of the entity, to be registered as *Registered Representatives*. In the absence of the By-Laws however, the requirements for registration under the SIA 1995 are being utilised to process applications for registration of *Registered Representatives* under the SA 2012. As such, registration under Section 51(1) requires that at least one full time employee of the entity in question be registered as a *Registered Representative*.

Departure of a *Registered Representative*

Registrants under Section 51(1) are advised that given the current provisions of the SA 2012, one person in its employment must be registered with the TTSEC as a *Registered Representative*. **Where the Registrant registered under Section 51(1) has only one *Registered Representative* and that person leaves its employment, it is no longer authorised to conduct the business for which it was registered. In that case, the entity's registration under Section 51(1) will be suspended with effect from the date of the *Registered Representative's* departure from its employment.** This suspension will remain in effect until such time as the entity has applied and received approval for the registration of another *Registered Representative*. All registrants are reminded that the failure to maintain any condition of registration can result in either the suspension of their registration or a limitation being placed on the activities that they can conduct, the breach of which may constitute a contravention of the SA 2012 in respect of which the Commission may impose further sanctions.

Registrants or applicants for registration who need further information or clarification on this article or on the registration process at the Commission are invited to contact any member of the Commission's Division of Disclosure Registration and Corporate Finance at (868) 624-2991.



TTSEC and FIU



sign MoU concerning cooperation and information sharing

On Wednesday May 21, the three regulators in the financial sector, the Trinidad and Tobago Securities and Exchange Commission (TTSEC), Financial Intelligence Unit (FIU) and the Central Bank of Trinidad and Tobago (CBTT), formalised an agreement concerning cooperation and information sharing because they recognise that greater coordination and cooperation will better facilitate the investigation and prosecution of persons suspected of money laundering and terrorist financing as well as the criminal activity related thereto.

Some of the main issues which gave rise to the formal execution of this agreement were the absence of a formalised process for the sharing of information and the concern surrounding the handling of confidential information and resulting liability. This Memorandum therefore sets out

a statement of intent by these authorities to establish a framework to facilitate the exchange of information relating to their respective functions and duties. It is anticipated that cooperation will be achieved primarily through written requests, ongoing consultations, periodic meetings, training events and other practical arrangements as may be developed by the authorities.

At the formal signing of the agreement, TTSEC Chairman, Professor Patrick Watson indicated that “the responsibility of the Commission to consult, cooperate with and provide information to the Financial Intelligence Unit arises from the co-operative functions pursuant to Section 19 of the SA 2012.” He further indicated that he believes that “the circle is now complete since the three main regulators in the financial services sector now have formal agreements with each other and



can therefore maximise all efforts to protect the financial consumers.”

Pursuant to Regulation 22 of the FIU Regulations, the FIU may share or request financial information from agencies, authorities, and persons when co-operating and liaising pursuant to Section 16 of the FIUTTA. In her remarks, Director of the FIU, Susan Francois, indicated that “cooperation and information exchange on the basis of reciprocity are critical building blocks in the foundation of effective supervision. The signing of these MoUs, therefore, is an acknowledgement of the significance of maintaining and improving regulator to regulator communication and will ultimately improve across the board, exchange of information, thereby enhancing regulatory oversight of all supervised entities in Trinidad and Tobago.”

In his remarks, the Governor of the Central Bank, Jwala Rambarran underscored that this “collaboration will develop a regulatory framework that offers protection, consistency and stability.” He further indicated that “this alliance will certainly contribute to the detection and suppression of money laundering and terrorism financing activities in our economy and help to facilitate the provision of information to relevant authorities which are charged with the power to initiate legal action against those involved in criminal activities. This is an area in which we need to urgently strengthen our capabilities.”

The TTSEC is expected to formalise an MoU with the Trinidad and Tobago Stock Exchange Limited and Central Depository before the end of the year.



ORDER

Trinidad and Tobago Securities and Exchange Commission

Published in accordance with section 159 of the Securities Act 2012

On May 12, 2014 the Trinidad and Tobago Securities and Exchange Commission (“the Commission”) through its Pre Hearing Conference Panel constituted under Rules made in accordance with section 21 of the Securities Act 2012 (“the Act”) after giving a registrant the opportunity to make oral and written submissions and in the public interest in accordance with section 156 of the Act, imposed an administrative fine of TT\$175,000.00 for the registrant’s contravention of section 51 of the Act.

In accordance with section 159 (8) (c) of the Act and in the public interest, the Commission also ordered that the name of the affected person be omitted from this publication. The proceeds of the administrative fine is payable to the general revenue of Trinidad and Tobago

Dated July 17, 2014

BY ORDER OF THE COMMISSION



DIVISION OF MARKET REGULATION AND SURVEILLANCE



An Insight into Market Misconduct - PART I

*What is market misconduct? How is it manifested?
What is being done to detect and deter such activities?*

Market misconduct is a worldwide phenomenon inherent in all financial markets. Financial regulators and practitioners alike view this phenomenon unfavourably and continuously seek to discourage its existence.

The Trinidad and Tobago Securities and Exchange Commission ("the Commission") will consider the above questions in a three-part series titled: "An Insight into Market Misconduct". In this introductory piece, the Division will briefly explain the effects of market misconduct on the securities industry and outline measures undertaken by the Commission with respect to identifying, investigating and penalising such activities. In Parts II and III, we will discuss the various categories of market misconduct in relation to the prohibitions contained within the Securities Act, 2012 ("the SA 2012" or "the Act").

What is market misconduct and what effect does it have on the securities industry?

Market misconduct refers to actions wilfully intended to

disrupt fair and equitable dealings in securities markets. It can be divided into two broad categories of activities:

1. Market manipulation, which includes activities such as –
 - The dissemination of information containing misrepresentation;
 - Excessive trading;
 - The use of fraudulent or deceptive devices and schemes;
 - False trading;
 - The creation of false trading and artificial prices; and
 - Price rigging.
2. Insider Trading, which include activities such as –
 - The use of non-public material information for personal profit or the avoidance of a loss.

CONTINUED ON PAGE 12



DIVISION OF MARKET REGULATION AND SURVEILLANCE

Market misconduct has the potential to distort the natural forces of demand and supply for securities thereby creating artificial prices, false trading volumes and other inefficiencies in the market. Such activities undermine any regulatory efforts to ensure price discovery, as intended by the prevailing disclosure regime. Thus, the integrity of the market is impaired, which results in the erosion of investor confidence. A market perceived by investors as being plagued by unfair, inequitable and fraudulent trading activities will discourage investor participation and ultimately impact its liquidity as well as growth and development.

What steps has the Commission taken to address market misconduct?

The Commission has undertaken a series of initiatives aimed at strengthening its surveillance, inspections, investigation, and enforcement capabilities to eliminate any incidence of market misconduct. These undertakings include the following:-

A. Risk-Based Compliance Inspections

In January 2014, the Commission's capacity to detect market misconduct was enhanced by the formal establishment of a Compliance and Inspections Division. This Division is charged with conducting on-site compliance inspections to audit the degree of registrants' compliance with the SA 2012, identify instances of non-compliance and examine areas of emerging risk within their operations. These inspections are intended to further increase the Commission's detection capabilities by verifying and testing the operational controls, policies and business transactions of registrants.

B. Automated Surveillance

Technological evolution across trading platforms worldwide has led to the development of surveillance systems and programmes targeted at identifying manipulative trading behaviours. **In keeping with the global advancements in automated surveillance, over the past year, the Commission has been developing a proprietary electronic surveillance system to aid in monitoring transactions within the securities market.** This system automates mining and reconstruction of large volumes of trade data, thereby enhancing the timeliness of detecting potential violations. Given that the system has been developed in-house, it remains flexible in adjusting to the ever-changing parameters of the securities market.

C. Co-operative and information sharing agreements

The Commission recognises the growing degree of interconnectedness of securities markets across the

globe, which has resulted in the increased complexity of detections and effective enforcement of market misconduct. This means that market misconduct cannot always be investigated solely within the confines of a specific financial sector or regulator, nor can it be confined by jurisdictional boundaries. In light of the foregoing, the Commission has established co-operative agreements with other local, regional and international regulatory bodies to aid in the investigation of such matters, by leveraging access to information and past regulatory experiences.

D. Investigations and Penalties

The Commission's empowering legislation, the SA 2012, has granted greater authority to investigators with respect to requesting information about persons of interest, and has increased the penalties in relation to contraventions of the market conduct provisions of the Act.

Pursuant to Sections 150 and 151 of the SA 2012, the Commission may initiate an investigation and request information in respect of any person suspected of engaging in activities that may constitute market misconduct, in contravention of the Act. **Subsequent to the completion of an investigation, if the Commission is of the opinion that the Act has been contravened, it shall consider initiating civil proceedings against the relevant persons and may also refer the issue to the criminal authorities for prosecution.** The Commission can also take administrative action through the issuance of fines and sanctions.

Section 156 provides that where the Commission, after giving a person the opportunity to make oral or written representations, determines that said person is in breach of the Act, it may impose an administrative fine not exceeding five hundred thousand dollars. Additionally, the SA 2012 provides for a number of administrative sanctions including public reprimands, revocation of registration with the Commission and expulsion of senior officers from the financial sector for a period of time. Criminal prosecutions, on the other hand, are conducted by the Director of Public Prosecutions. If a person is found guilty of market misconduct in the Court of Law, he/she shall be liable on conviction to a fine of two million dollars and imprisonment for five years.

As is evident, the detection and prevention of market misconduct is paramount to upholding the integrity of a securities market and ensuring the protection of the investing public. **The Commission therefore intends to capitalise on all avenues of surveillance and intelligence gathering, in order to identify and investigate such activities, and enforce the relevant penalties and sanctions against persons who contravene the provisions of SA 2012.**



DIVISION OF LEGAL ADVISORY AND ENFORCEMENT



Anti-Money Laundering/Combatting the Financing of Terrorism Public Statements

The Financial Action Task Force (“FATF”) is an intergovernmental organisation founded in 1989 on the initiative of the G7 in response to mounting concern over money laundering and in recognition of the threat posed to the banking system, financial institutions and the global economy as a whole. The primary purpose of FATF is to develop policies to combat money laundering and terrorism financing. The primary policies issued by FATF are the Forty Recommendations on Money Laundering (“ML”) and the Nine Special Recommendations (“SR”) on Terrorism Financing (“TF”) (collectively the “FATF Recommendations”) and are considered international best practices for nations in respect of anti-money laundering and combatting the financing of terrorism (“AML/CFT”) regimes. The FATF Recommendations set out the principles for action and allow countries a certain measure of flexibility in implementing these principles according to their particular circumstances and constitutional frameworks. Both sets of FATF Recommendations are intended to be implemented at the national level through legislation and other legally binding measures.

Trinidad and Tobago is not a member of FATF, but by virtue of its membership in the Caribbean Financial Action Task Force (“CFATF”) which is a FATF Style Regional Body (“FSRB”), is obligated to adhere to the Standards and Recommendations of FATF.

Section 6 of the Securities Act 2012 (‘the Act’) mandates the Commission to, *“ensure compliance with the Proceeds of Crime Act, any other written law in relation to the prevention of money laundering and combatting the financing of terrorism or any other written law that is administered or supervised by the Commission.”*

Further, the Commission is designated as the Supervisory Authority (“SA”) for the securities sector under section 1 of the Financial Obligations Regulations, 2010 (‘the FORs’). The other two SAs in Trinidad and Tobago are the Financial Intelligence Unit (“FIU”) and the Central Bank of Trinidad and Tobago (“CBTT”).

In compliance with FATF Recommendation 19, section 55(2)(a) (i) of the Proceeds of Crime Act, 2000 (“POCA”) requires financial institutions and listed business to:

“pay special attention to all business transactions with persons and financial institutions in or from other countries which do not or insufficiently comply with the [FATF Recommendations]”

Recommendation 19 also requires countries to create measures to ensure that financial institutions are advised about weaknesses in the AML/CFT systems of other countries.

There are eight FSRBs which have been established for the purpose of disseminating international standards

CONTINUED ON PAGE 14



DIVISION OF LEGAL ADVISORY AND ENFORCEMENT

(40+9 FATF Recommendations) throughout the world. They are:

- The Eurasian Group (EAG)
- Asia/Pacific Group on combating money laundering (APG)
- Caribbean Financial Action Task Force (CFATF)
- Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism of the Council of Europe (MONEYVAL)
- Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)
- Financial Action Task Force on Money Laundering in South America (GAFISUD)
- Intergovernmental Action Group against Money-Laundering in West Africa (GIABA)
- Middle East and North Africa Financial Action Task Force (MENAFATF)

The main task of these regional bodies is to devise AML/CFT systems in their respective regions. The FSRBs conduct evaluations of the AML/CFT systems of the member states and make recommendations for their improvement. The regional bodies are also involved in the study of typologies – the most common schemes used by criminals for ML and FT. Based on the results of the typological research, the best practices are disseminated to the stakeholders.

In order to protect the international financial system from ML/FT risks and to encourage greater compliance with the AML/CFT standards, the FATF and FSRBs identify jurisdictions that have strategic

deficiencies and issue statements to the public in this regard, typically after their respective semi-annual plenary meetings.

The public statements call on members to consider the risks arising from the deficiencies associated with each jurisdiction and to advise their financial institutions and listed businesses to consider implementing further counter measures to protect their financial systems from the ML/FT risks emanating from the identified jurisdictions. One such counter measure would be to pay special attention by applying enhanced due diligence measures to transactions with persons and financial institutions from jurisdictions identified in the public statements in order to address the money laundering and financing of terrorism risks.

As part of its obligation as a SA to inform our regulated entities about threats in the financial systems worldwide, the TTSEC publishes the public statements issued by FATF and the FSRBs on its website. **Broker-dealers, investment advisers and underwriters are required to take these statements into consideration and apply the appropriate level of scrutiny and due diligence as part of their risk-based AML/CFT procedures.**

These public statements can be found on the TTSEC's website: http://www.ttsec.org.tt/aml_ctf.php?mid=133 or on the FATF or CFATF websites. We encourage you to keep au courant with all the AML/CFT related issues that are presented therein.

http://www.ttsec.org.tt/aml_ctf.php?mid=133



TTSEC participates in mission to Singapore



During the reading of the 2013/2014 National Budget, Senator the Honourable Larry Howai, Minister of Finance and the Economy announced that his Government would establish a National Task Force to undertake research and consultation in order to determine the most appropriate model for integrating and strengthening financial regulation and supervision in Trinidad and Tobago. This Task Force was subsequently established and is chaired by Mr. John Palmer, a former Deputy Managing Director of the Monetary Authority of Singapore, former Superintendent of the Office of the Superintendent of Financial Institutions and former Deputy Chairman and Managing Partner at KPMG Canada. The members of this Task Force include the Trinidad and Tobago Securities and Exchange Commission (TTSEC), the Central Bank of Trinidad and Tobago (CBTT) and the Ministry of Finance and the Economy.

In June 2014, in furtherance of the Task Force's mandate, a fact finding mission to the Monetary Authority of Singapore (MAS) was conducted by its members. The team, which included the Chairman, John Palmer; Chief Executive Officer of the TTSEC, C. Wainwright Iton and the Central Bank of Trinidad and Tobago's Inspector of

Financial Institutions, Carl Hiralal, visited Singapore as guests of MAS. Singapore is positioned as a vibrant and sophisticated international financial centre and this is mainly due to its global connectivity, robust legislation and the talent and expertise of its workforce. With 700+ financial institutions and the world's highest per capita income of USD55,000.00, Singapore is poised for continued growth in the new global financial landscape. During the mission, task force members were able to get a first-hand look at the operations of MAS with specific emphasis on the organisational structure, objectives and principles of financial supervision, regulatory and supervisory approaches and the challenges that the Authority may encounter in an ever-evolving landscape.

While in Singapore, Task Force members also visited the Stock Exchange of Singapore for a series of meetings. The Task Force also engaged Mr. Clive Briault, a former Managing Director of the United Kingdom's Financial Services Authority (FSA) to provide an in depth review of the British twin peaks regulatory model and the activities of the former regulator, the FSA. This was conducted via video conference on July 03, 2014. The Task Force is expected to complete its work and report to the Minister of Finance and the Economy by August 31, 2014.



TTSEC hosts second investment webinar

The Trinidad and Tobago Securities and Exchange Commission's Investor Education Programme is guided by its governing legislation and the principles of the International Organization of Securities Commissions (**IOSCO**), of which the TTSEC is a member. The Securities Act (SA 2012) lists 'to educate and promote an understanding by the public of the securities industry and the benefits, risks and liabilities associated with investing in securities' as a key function of the TTSEC. IOSCO, the standard setter for the securities sector, has long recognised investor education as a key strategy for enhancing investor protection, promoting investor confidence and fostering investor engagement in financial planning and decision-making.

It is against this backdrop that the TTSEC continues to adopt creative ways to educate investors and potential investors. In July 2013, the Commission hosted its first online seminar which was introductory in nature and provided participants with a general overview of the securities market, types of investment products, rights and responsibilities as investors and measures to safeguard themselves against investment scams. On July 02, 2014, the Commission hosted its second investment seminar which aimed to introduce participants to the types of investment options which are available to them in Trinidad and Tobago. Through this session, the TTSEC intended to educate and empower participants so that they can consider investing as a viable alternative to traditional short-term saving. At the end of this online session, it was our hope that participants were able to understand basic investment options such as stocks, bonds, mutual funds and therefore become more confident to select the best option for them or seek appropriate investment advice.

Webinars are innovative because they allow participants to view content without having to incur any costs for registration

or transportation. From the comfort of one's home, desk at the office or anywhere with data or a high speed internet connection, a participant can access dynamic information, live or on demand, in a relatively seamless manner. Our analysis of this session indicates that there continues to be an appetite for this type of information. 315 persons registered to participate in this webinar with the greatest number of participants representing the 25-34 age group. This year, it was noted that there was a slightly higher number of female participants which was encouraging due to the fact that females tend to be more conservative when it comes to investments and finance and are traditionally less likely to participate in investments.

Here is a snapshot of the feedback that was received:

Salisha Scanterbury "This was very informative. It was also convenient and a great opportunity to truly get a grasp of the types of investment products available to citizens of Trinidad and Tobago. I want to say thank you to Ms. Arlene Stephen (Director of Corporate Communications) for her effective presentation."

Ravi Kurjah, First Citizens Investment Services "I was impressed with the detailed explanations of the presentation and thought it would be a good talking point for presentations."

The Commission intends to conduct webinars on a quarterly basis and as such you are encouraged to let us know some of the areas that are of most importance to you.

The Webinar was uploaded to the Commission's YouTube channel and has also been linked to the Facebook page.

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