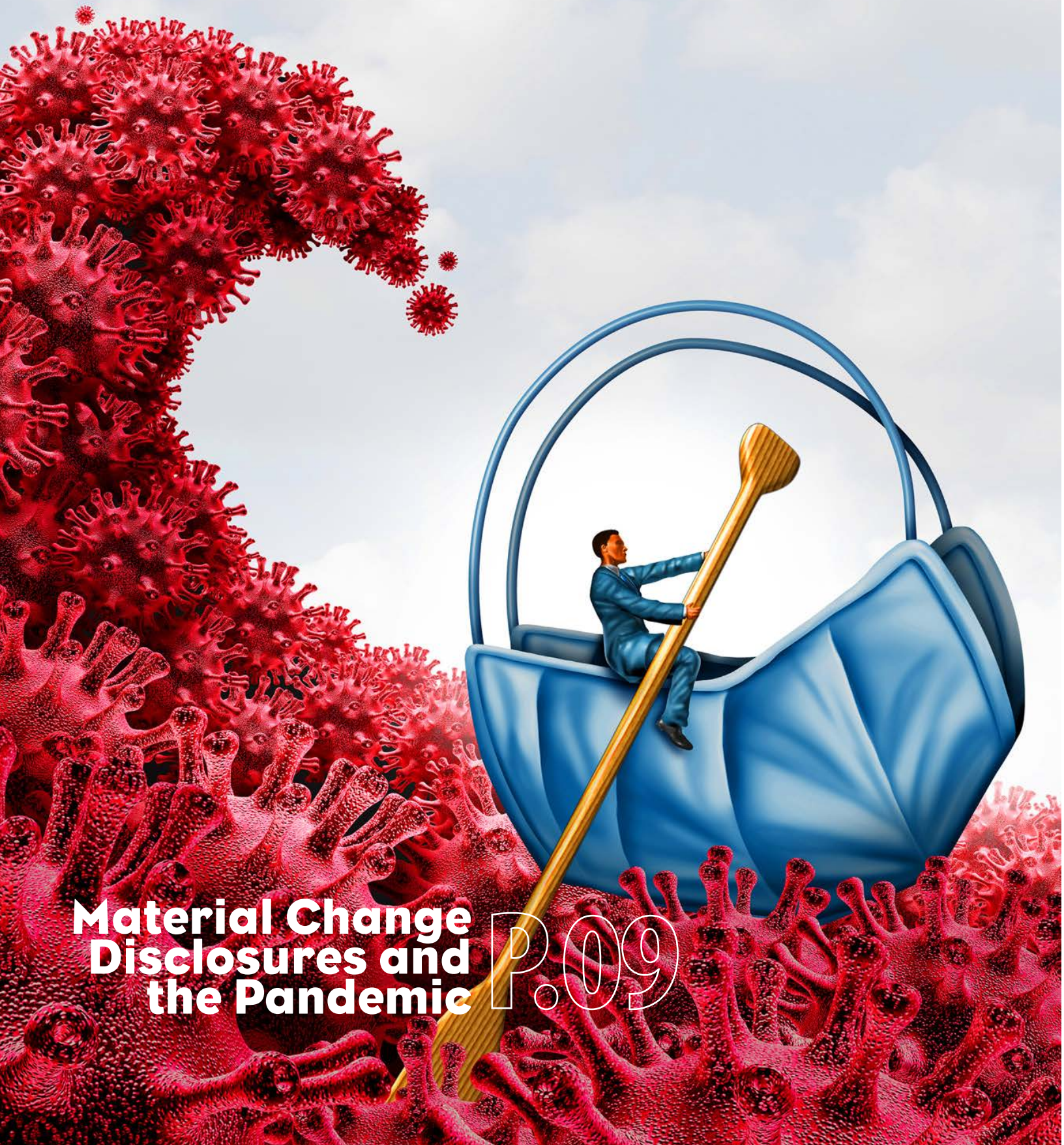




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Material Change Disclosures and the Pandemic P.09

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MESSAGE FROM THE
CHIEF
EXECUTIVE
OFFICER

► **Hadyn Gittens**

Dear Valued Stakeholder,

We are pleased to present you with the 25th Issue of our Market Newsletter. This has been a particularly challenging time for the securities industry which had to shoulder and adjust to the effects of COVID-19. As Regulator, we have learnt new and valuable lessons due to the pandemic and continue to search out innovative ways to support the market in navigating this crisis, which has continued to impact regional and international markets.

We have had to relook our business operations at the Commission in response to the crisis. The necessary operational adjustments implemented will, hopefully, render us more resilient in the face of such external shocks. By the same token, market participants should be mindful of the adage that for every challenging situation that arises, a golden opportunity is presented to review existing practices against emerging best practices, that may be better suited to the new economic realities.

In this issue, we consider the impact of COVID 19 on the Local Securities Industry; Material Change Disclosures and the Pandemic; A View of Compliance and Inspections During a Pandemic; Explanatory Notes to Interim Financial Statements; Highlights of the Recent Amendments to the Securities Act Chapter 83:02 as well as other Commission highlights and activities. We also provide an indication of what you can expect from the Commission in the coming months.

While the past few months have been difficult for us all, we must continue to collaborate in order to maintain confidence in the market and to enable its orderly growth and development. We hope that you find this Market Newsletter informative and instructive and as always, we welcome your feedback via ceei@ttsec.org.tt, as we seek to continuously improve this publication and our communication with you.

Hadyn Gittens



COVID 19 AND THE LOCAL SECURITIES INDUSTRY

Global Summary

On February 3, 2020, China's financial sector recorded one of its worst days, with equities decreasing as much as 9.1%. This came one day after China's Central Bank injected USD 173 billion (1.2 trillion yuan) into its economy to prevent an economic crash in response to the impact of COVID-19. Amid the spread of the COVID-19, USD 5 trillion in value was wiped off the international stock markets on February 28, 2020. It was considered one of the darkest days of the global financial sector since the 2008 global financial crisis. (Source: Financial Times)

On March 3, 2020, the US Federal Reserve ("Fed") cut its policy interest rates by 50 basis points (a target range of between 1% - 1.25%), hoping to spur consumer borrowing and investment by the business sector. However, despite these efforts, the markets have continued to react negatively. On Monday 9 March 2020, as Wall Street opened for business, the Standard and Poor's 500 Index ("S&P 500") declined 7%.

Prior to the advent of COVID-19, the Organisation for Economic Co-operation and Development ("OECD") pointed to stabilization of the world economy and projected 3% growth in global GDP for 2020.; however, it now projects slower growth of 2.4%. (Source: OECD).

Why is the virus affecting markets negatively?

Let us examine the facts; COVID-19 originated in Wuhan China. China is the world's leading manufacturing economy, producing goods valued at USD 2.32 trillion in 2018 alone (Source: Foundation for Economic Research, 2019). This means that most of the items that you use on a daily basis are manufactured in China. With the spread of COVID-19, the China Manufacturing Purchasing Managers Index (which is an indicator of manufacturing activity in the country) fell from 51.1 in January 2020 to 40.3 in March 2020 (Source: CNN Business). With the closure of manufacturing corporations and a subsequent decline in output, many companies dependent on products or raw materials from China, have halted production. This halt in production has

had a ripple effect as consumers are faced with higher costs of items due to the reduced supply of goods.

Can COVID-19 affect the securities industry of T&T?

It has been noted that international stock markets have become quite volatile and projections are being made that global Gross Domestic Product (“GDP”) growth will reduce in response to the outbreak. As travellers are advised to stay at home, demand in related industries has diminished and world travel has dropped significantly. Italy had quarantined 16 million persons across the Lombardy region, which included Milan, and 14 other provinces. This can lead to a potential impact on the tourism sector throughout the Caribbean.

In addition to this, **Diagram 1** shows that crude oil prices have also been declining from the beginning of 2020 but steadily increased in the month of May.

With falling oil prices, we can assume that manufacturing costs linked to the oil price will reduce, however, COVID-19 has had a significant short-term impact on China’s productive base. This would have led to a reduction in manufacturing and overall production within China and likewise the USA, which is also dependent on the importation of manufacturing inputs and finished goods out of China. Based on information from the Central Statistical Office as at September 2019, 9% of Trinidad and Tobago’s overall imports come from China and 39% from the US and as such our economy can be significantly impacted by a fall in imports from China.

In June, data revealed that U.S. oil prices had their largest monthly gain in history in May, recovering a large portion of the losses accrued in March and April as a result of the Coronavirus lockdowns and the price war between Saudi Arabia and Russia. For those two months, oil was sitting in tankers and refineries across the world unused, waiting for the lockdowns to end. Oil prices dropped into negative numbers for the first time. As a result, oil producers majorly slowed output. Now, with economic activity reviving as lockdowns end, the pent-up storage is ready to be deployed (Source: Forbes).

The companies listed on the Trinidad and Tobago Stock Exchange (“TTSE”) can be divided into a number of categories, which include: Banking, Non-Banking Finance, Conglomerates, Property, Manufacturing, Trading and Energy. A reduction in global output has the potential to impact the manufacturing sector (access to raw materials and price changes), the Trading sector (product availability and price changes) and the Energy sector (supply constraints and international price volatility). Also, due to the interconnections and sectoral exposures, the financial sector can also be impacted.

WTI CRUDE OIL PRICES (FEB - JUNE 2020)

Diagram 1



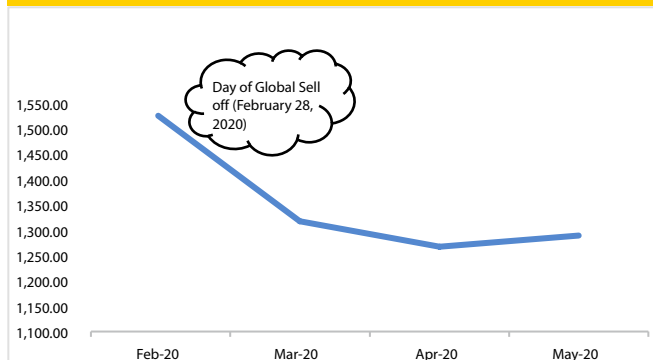
Source: Macrotrends

Daily stock prices are determined by market demand and supply. Even though investors in Trinidad and Tobago generally adopt a “buy and hold” approach, share price volatility may be less. Stock prices are also impacted to a significant degree by the company’s current and expected future profitability, measured by its current and projected Earnings Per Share (“EPS”), which is a company’s profit divided by the outstanding shares of its common stock. Therefore, there is a possibility that local share values could be impacted by an actual or projected reduction in the profitability of local listed corporates caused by global developments.

Diagram 2 highlights the most recent performance trend on the TTSE Composite Index and indicates a decline on average of 10.51 percent since February 26th, 2020.

MOVEMENT IN THE TTSE COMPOSITE INDEX FROM FEBRUARY - MAY, 2020

Diagram 2



Source: Trinidad and Tobago Stock Exchange

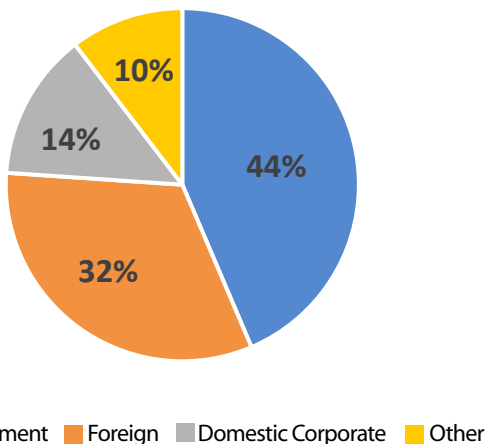


It is only through the careful consideration and adequate planning that we can minimize the negative impact on our local markets

Mutual funds in Trinidad and Tobago comprise of assets currently valued at approximately TT\$54 billion. As seen in **Diagram 3** approximately 32% of these assets are placed in foreign investments. Globally, international stock markets have experienced much volatility and significant value adjustments as a result of the COVID-19 pandemic. This means that local mutual funds can potentially experience some reductions in the market values of their foreign investments in the short term.

MUTUAL FUND PORTFOLIOS AS AT DECEMBER 2019

Diagram 3



Source: Trinidad and Tobago Stock Exchange

The cut in the Fed’s policy interest rates will hopefully stimulate economic activity given the negative outlook. As a result, holders

of US Dollar Fixed Income securities (Bonds) will experience an increase in the market value of their securities. Currently, approximately 78% of foreign investments of mutual funds are held in foreign fixed Income securities.

What should registrants do?

Firstly, registrants must do everything to prevent or limit the spread of the virus. Adhering to the instructions provided by health officials, practising proper hygiene and limiting travel to and from affected countries. If you have been exposed to the virus and are at risk of being infected, self-quarantine and alert health officials.

Secondly, bearing in mind what was highlighted above, market actors need to be mindful of the potential negative economic and financial impacts of COVID-19 and implement measures to mitigate these risks. Such measures may include:

1. Identification of potential operational disruptions and develop a contingency plan in response to these risks;
2. Implementation or review of the organisation’s business continuity plan;
3. Assessment of the possible financial impact on the organisation and develop specific responses; and
4. Disclosure of information to your stakeholders on the potential risk and the organisation’s risk mitigation plans.

It is only through the careful consideration and adequate planning that we can minimize the negative impact on our local markets.



Responding to COVID 19

In March 2020, the global pandemic caused by the outbreak of the Novel Coronavirus, COVID-19, had an inevitable impact on every aspect of life in Trinidad and Tobago. During this time, the Trinidad and Tobago Securities and Exchange Commission ("the Commission") remained committed to protecting the health and safety of Staff, Registrants and the wider national community. This meant having to develop and implement a COVID Response Plan and activation of our Business Continuity Plan (BCP) due to the imposition of the Public Health Regulations/Stay at Home Order.

Adjusting Operations to meet Market Needs

With the impacts of the Public Health Regulations on normal business and daily life in Trinidad and Tobago, the Commission implemented flexible regulatory provisions for registration and compliance activities and postponed on-site compliance reviews and hearings. Importantly, we maintained communication with registrants. The Commission issued approximately (10) communiqué via email and on our corporate website, which included: the Moratoriums granted, changes in submission requirements for registrants, and the Joint Regulatory Guidance on complying with AML/CFT verification.

The Commission's website was also modified to feature prominently COVID-19 updates to the market and our social media platforms were optimized to ensure maximum dissemination of relevant information.

Social Media Campaign - 'Managing Financial Health in Challenging Times'

In response to public health advisories on the need for social distancing, many persons were confined to their homes, in an effort to contain



<https://www.youtube.com/watch?v=5eO7zwRHPgc>

the spread of the virus. This meant that there was a greater, and possibly more attentive audience on social media for targeted messaging. In every crisis there is opportunity, which is what the Commission, was presented with. It was therefore opportune for the Commission to launch an investor education social media campaign on the theme **'Managing Financial Health in Challenging Times'**, to guide persons on how best to navigate the uncertainties of this financial period. The campaign was aimed at reassuring the public of the need to be responsible, by providing tools and guidance on how to, access, secure and properly utilise their hard-earned money, during this challenging financial time.

'COVID-19 Fraud Awareness Campaign'

This health pandemic, which gave rise to an economic crisis, also created new opportunities for investment fraud to be perpetrated against vulnerable individuals facing uncertainty about the stability of existing investments and those seeking to exploit emerging product offerings.

While the Commission was not in receipt of any complaint or report involving COVID-19 related scams, partner regulators United States, Securities and Exchange Commission (US SEC) and Ontario Securities Commission (OSC) were reporting an increase in online investment scams linked to COVID-19. In view of this developing trend, the Commission took a proactive approach and produced two short videos focusing on the emerging trend. On April 16th 2020, the Commission launched its **'COVID-19 Fraud Awareness Campaign'** with the airing of the messages during prime time on television and via our social media platforms with uploads to our websites.

<https://www.youtube.com/watch?v=As3qljOTZw4>



While we have normalised aspects of our operations, the safety and security of our staff, stakeholders and the public still remain our priority. As we continue to navigate this pandemic, we continue to maintain and find avenues to engage and communicate with you, our key stakeholders. We will continue to engage via direct e-mail; provide updates via our website **'COVID 19 updates'** tab, social media, through this Market Newsletter and more recently, via our column in the **Express Business**, every Wednesday. In the near future, we also look forward to engaging via webinars and other online portals and platforms as we move forward in 2020.

A VIEW OF COMPLIANCE AND INSPECTIONS DURING A

P A N D E M I C

Similar to the other service units within the Commission, the work of the Compliance and Inspections Division (C&I) was affected by the ongoing pandemic and accordingly had to adjust our operations to mitigate the public health risk. The nature of our function generally requires a deep dive into a registrant's operations by examining their records and operations to determine compliance with relevant securities legislation and Commission issued guidance. Our work also involves sample testing key information in respect of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) framework.

The inspections team undertook routine compliance reviews (inspections) up to February, but following the imposition of Public Health Regulations that restricted movement, the schedule for the ensuing period had to be suspended. For both the Regulator and Registrants, this meant having to adjust our approach going forward. From the perspective of the Commission and market participants, Business Continuity Plans were operationalised and we adapted to doing business differently, giving rise to new work from home/remote working models in Trinidad and Tobago. This served to increase business risks in some cases, posing new challenges, even as Regulators exercised leniency to some extent.

Client Onboarding

In April, the Commission, in collaboration with the Central Bank of Trinidad and Tobago and the Financial Intelligence Unit, issued onboarding guidance for its various stakeholders in respect of conducting customer due diligence and verification of identity requirements as outlined in the Financial Obligations Regulations (2010) (as amended). With public health being of primary concern, Registrants were encouraged to consider use of a range of responsible digital customer onboarding measures, while maintaining their risk-based controls to mitigate risks of money laundering, terrorist financing and proliferation financing.

Desk Based Reviews

As an interim measure, the Commission will continue to conduct its risk-based inspections either via desk-based reviews which, by definition, do not include an on-site component, or alternatively via on-site inspections with minimal time at the Registrant's offices. There will be greater utilisation of video-conferencing facilities to conduct interviews and emphasis on electronic submission of documents in a secure environment.

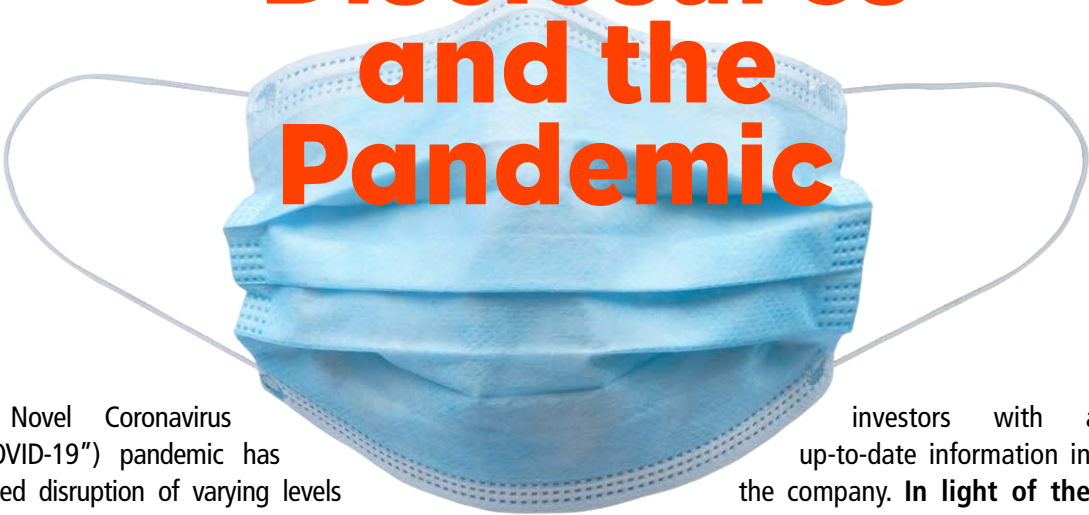
Registered Investment Advisers

The Commission is seeking to regularise the status of its registered investment advisers (IAs), to guide the market as to the permitted activities of such registrants. As a result of compliance reviews of all its registered IAs, Commission staff determined that a number of them are conducting broker dealer (BD) type activities. A two-pronged approach was taken in addressing this matter: 1) guidance was issued to the market, providing limited time exemption to IAs who are conducting certain types of BD activities, and 2) creation of a sub-category of BD, by drafting By-laws for the business of a Portfolio Manager.

Registered IAs were apprised of these developments in December 2019 and in June 2020, the Commission issued the Draft By-laws for public comment, enabling registered IAs and other persons desirous of entering the market to give feedback on these Draft By-laws. The deadline for submission of comments is July 31. We encourage and look forward to your comments as the Commission engages and partners with its stakeholders in fulfilling its mandate to foster the development of the securities market.

The terms compliance reviews, inspections and on-site inspections are used interchangeably.

Material Change Disclosures and the Pandemic



The Novel Coronavirus ("COVID-19") pandemic has caused disruption of varying levels and continues to affect many nations across the globe. This widespread disruption has impacted companies in different ways and has resulted in new and innovative ways to ensure business continuity and in some cases, has caused a negative impact on operations and profitability. In the case of impacted entities which are registered as reporting issuers with the Trinidad and Tobago Securities and Exchange Commission ("the Commission"), certain disclosure based legislative reporting requirements must be completed in order to maintain transparency, for the benefit of the investing public. In this article, we will focus on the issue of material change disclosures during this unprecedented period and its importance to investors when assessing the affairs of a reporting issuer.

A reporting issuer is an entity that is registered with the Commission pursuant to Section 61(1) of the Securities Act, 2012 ("the Act"). A reporting issuer can be broadly defined as an issuer that issued securities under a prospectus or has its securities traded in a securities market. Reporting issuers are obligated to provide investors with complete, accurate and timely information as part of their continuous disclosure requirements.

To issue securities, generally a prospectus is required which is meant to provide investors with the necessary information to make informed investment decisions. Thereafter, reporting issuers are required to disclose significant events with respect to their business affairs, in a timely fashion. These events are commonly referred to as material changes and the intent of disclosure is to provide

investors with access to up-to-date information in relation to the company. **In light of the COVID-19 situation, it is extremely critical for reporting issuers to properly evaluate the effects of the pandemic on their respective entities so as to ensure that their security holders and prospective investors are supplied with all pertinent information that may qualify as material changes in the affairs of the said reporting issuers.**

A material change can be broadly defined as a change in the business, operations, assets or ownership of an issuer, the disclosure of which would be considered important to a reasonable investor in making an investment decision, and includes a decision to implement such a change made by the directors of the issuer or other persons acting in a similar capacity. A material fact, when used in relation to the affairs of a reporting issuer, is a fact or series of facts, the disclosure of which would be considered important to a reasonable investor in making an investment decision. Some broad, non-exhaustive example of events which are considered material changes are: changes in corporate structure or capital structure; changes in financial results; changes in business and operations; acquisitions and disposals; and changes in credit arrangements.

Material change disclosures seek to ensure the release of all information about a reporting issuer that may influence an investor's decision. It reveals both positive and negative news, data, and operational details that impact its business and seeks to ensure that all parties have equal access to the same set of facts in the interest of fairness since

selective release of information places some security holders at a disadvantage. Further, timely disclosures contribute to investors having information which company insiders already possess. This is important as reporting issuers must also be extremely cautious in revealing any material, non-public COVID 19-related information privately or selectively, which may result in potential insider trading violations.

Governmental or other measures taken to reduce the spread of COVID-19 may significantly disrupt a reporting issuer's workforce and operations, thus resulting in changes that are material in the context of the Act. The uncertainty surrounding the scale and duration of this pandemic may pose a challenge for some reporting issuers to quantify the overall impact on their businesses. However, it is the reporting issuers who are the ones with access to all the information pertaining to their respective businesses and are therefore best placed to determine the materiality of a change or fact in relation to COVID-19. **As a result, the onus is on each individual entity to carefully assess the likely impact of the COVID-19 pandemic on its business and to comply with the material change disclosure requirements of the Act, if applicable.**

In performing these materiality assessments, where exact information is not currently available or possible, it is expected that the reporting issuer would use estimates and make projections based on all information within its possession. If such an assessment suggests that the impact resulting, or that will likely result, from COVID-19 pandemic is significant enough to influence

the decision-making of a reasonable investor, then the requisite disclosures pursuant to Section 64(1) of the Act becomes mandatory.

Accordingly, reporting issuers should consider all significant issues that they may face due to the pandemic when assessing materiality. Reporting issuers must also be cognizant of the fact that, given their specific business model, they may be more vulnerable to certain events than compared to other entities within the same industry or even across industries. As such, the impact will not be the same for all reporting issuers, whether or not they operate in the same industry. Some disruptions in business operations which entities should be mindful of during this pandemic period are:

- Government mandated decisions implemented by the reporting issuer to reduce the spread of the virus;
- Voluntary actions taken by the reporting issuer to reduce the spread of the virus, including reduced hours of operation, location closures, having employees work remotely from home and cancelling all in-person meetings;
- Constraints or other impacts on human capital resources or productivity;
- Travel restrictions and border closures;
- Regulatory changes implemented, which may affect the operations of the reporting issuer;
- Any material impairments (e.g., with respect to goodwill, intangible assets, long-lived assets, right of use assets, investment securities), increases in allowances for credit losses, restructuring charges and other expenses;

cont'd pg. 11





It is expected that reporting issuers and their legal advisers would act responsibly and fulfill their obligations to their security holders by performing an objective and honest assessment of the COVID-19 impact on their respective businesses.

- Supply chain, production and distribution delays as a result of scarcity of certain materials and closures of manufacturing facilities, warehouses and distribution centers;
- Challenges in implementing business continuity plans; and
- Financial impact, dividend changes, credit and liquidity risks due to volatility in financial markets, covenant breaches and lower consumer spending.

It is important to note that this list is by no means exhaustive and each reporting issuer will need to carefully assess COVID-19's impact and any related material disclosure obligations. **It is expected that reporting issuers and their legal advisers would act responsibly and fulfill their obligations to their security holders by performing an objective and honest assessment of the COVID-19 impact on their respective businesses.** In the event that the reporting issuer is unclear, Staff of the Commission is available to assist with the conduct of an assessment of materiality. To conduct an assessment of materiality, Staff must be provided with the specific, pertinent details of the COVID-19 related matter in a timely manner. In the event that assistance is sought from Staff of the Commission in the determination of the materiality of an event, it must be noted that materiality is assessed by Staff of the Commission on a case by case basis and in the

context of the information available at the particular point in time.

When materiality of a COVID-19 related matter is determined, if compliance with Section 64(1) of the Act is required, reporting issuers are required to file a report [Form 10- Material Change Report] with the Commission disclosing the nature and substance of the material change within three days of the occurrence of the material change. Further, a notice must be published in two daily newspapers of general circulation, disclosing the nature and substance of the material change within seven days of the occurrence of the material change, and copies of the published notice must also be filed with the Commission within seven days of the occurrence of the material change.

The onset of the COVID-19 pandemic was a highly unanticipated global event and the circumstances surrounding it is ever changing. Despite this, reporting issuers have a responsibility to continuously monitor their respective operations and make decisions in the best interest of the entity and its investors. It is the impact of COVID-19 and the associated decisions taken by entities which must be constantly evaluated to determine what disclosures are required in the interest of transparency and the reporting issuer's obligation to investors.



**Electronically Advanced
Submission interface**

Regulation made Easi

Providing an EASi Solution to Registrants

Every day securities markets globally are evolving and changing to meet the financial and investment needs of a digitized era. Regulators across the world, are seeking to improve operational efficiency and effectiveness within this environment, and in so doing, must consider changing the way they do business, and adapt processes that will effectively oversee the markets.

As such, the Commission has embarked on a major project to implement a web-based solution that will automate our registration and disclosure function and at the same time, create and maintain an electronic data repository that will bring the Commission and the market closer together. First started in 2017, this project forced the Commission to review our operations and rethink how we conduct business; and to determine how best we can leverage advancing technology, to execute our mandate and better serve the securities market, and by extension the country.

Now called the "Electronically Advanced Submission interface" or EASi, this system aims to improve the current process by allowing users to conveniently conduct their business at any time from any place. "EASi" is a no-fee service offered by the Commission that will allow persons or entities involved in the Securities Market to manage their registration, disclosure filings

and renewals online. It will also allow for faster turnaround time for submissions, and facilitate the tracking of application status. It will be a secure, convenient, and hassle-free way of doing business with the Commission.

This application will also change the way we do things internally by facilitating electronic processing of applications throughout the various interacting units. This ties into the Commission's "Go Green" initiative, aimed at adopting a more sustainable and cost-efficient work environment, as it will significantly reduce the use of paper and delivery cost. We will be able to reduce the turnaround time for processing of registration of companies and securities submissions, as well as continuous disclosure filings. EASi will also allow us to store and retrieve all information collected from the market, allowing us to better regulate and serve our clients as we create an electronic database of rich data for analysis and decision-making.

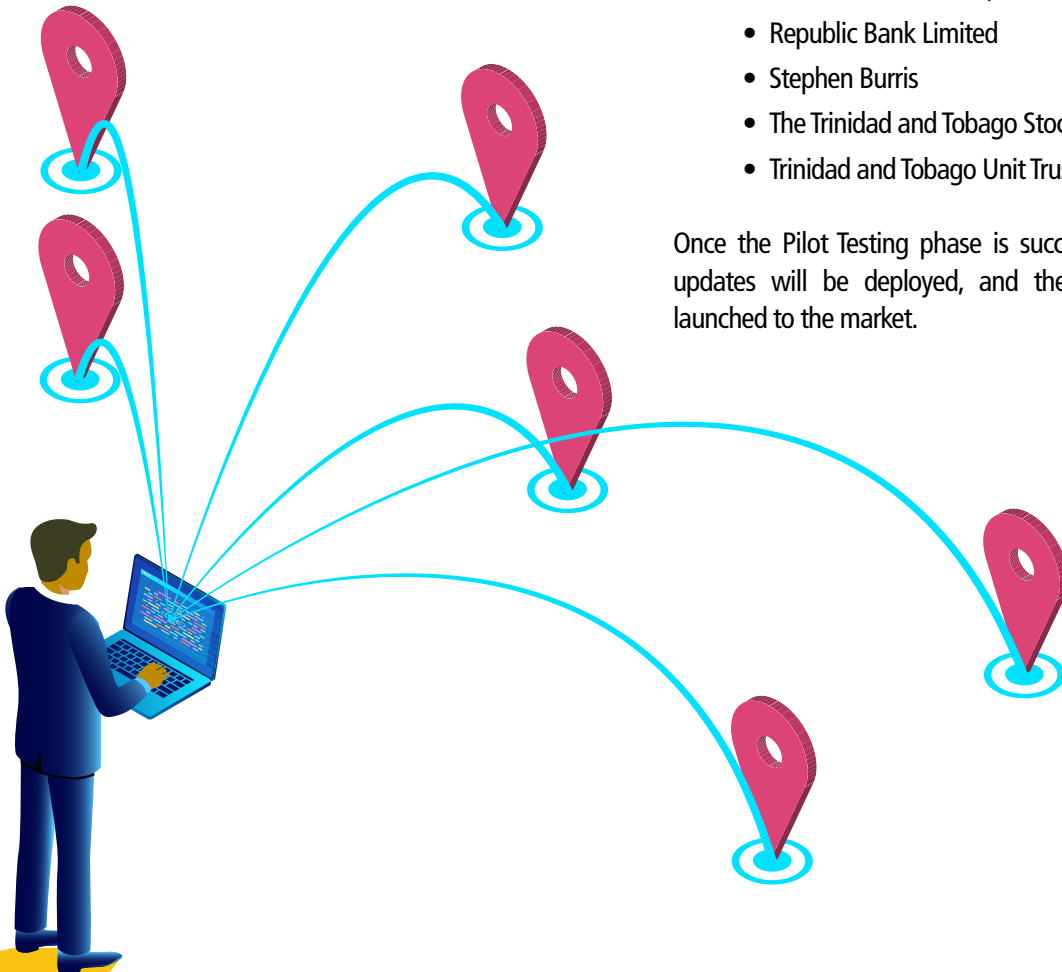
The Commission will be able to provide greater clarity and certainty to the public, as requirements for submissions will be clear, rules-based and accessible from anywhere once the submitter has internet access and a computer. This will allow for a more seamless and user-friendly interaction with the Commission.

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Next Steps in rolling out EASi

A cross-functional team, comprising Staff of the TTSEC are engaged in testing the EASi solution. This end to end testing seeks to ensure that the system works as is expected from both an external public, and internal Staff perspective.

A sample of market registrants has also been invited to participate in a Pilot Testing exercise. The primary objective of the Pilot Testing is to deploy the EASi solution to a selected group of end users under real-time operating conditions to test the system and provide feedback before full deployment. This will assist in determining readiness for full-scale implementation and gauging the target population's reaction to the application. It may also reveal unforeseen challenges that might arise during implementation and ensure that Staff is well prepared to handle issues that come up during the full-scale implementation. Pilot testing the EASi solution will serve as a trial run for the launch and highlight whether any adjustments are necessary.



“ An electronic data repository that will bring the Commission and the market closer together ”

The following Companies/ Individuals will be participating in the Pilot Testing:

- Admiral Limited
- CinemaONE Limited
- KCL Capital Market Brokers Limited
- Massy Holdings Limited
- Murphy Clarke Financial Limited
- RBC Merchant Bank (Caribbean) Limited
- Republic Bank Limited
- Stephen Burris
- The Trinidad and Tobago Stock Exchange Limited
- Trinidad and Tobago Unit Trust Corporation

Once the Pilot Testing phase is successfully completed, final updates will be deployed, and the EASi solution will be launched to the market.

Highlights Of The Recent Amendments To The Securities Act Chapter 83:02

On the 8th May 2020, Her Excellency Paula-Mae Weekes O.R.T.T., President of the Republic of Trinidad and Tobago gave assent to the Miscellaneous Amendments Act, 2020 8th May 2020 ("the Act"), which amended several pieces of legislation including the Securities Act, Chapter 83:02 of the Laws of the Republic of Trinidad and Tobago ("the Securities Act").

The Act effected amendments to sections 14, 51(1), 55(2)(b), 56(6), 61(4)(a)(i), 155, 156 and 156A of the Securities Act, and inserted a new section, which is cited as section 58A of the Securities Act. These amendments took effect on the date of assent of the Act.

These amendments to the Securities Act achieved a number of aims, including:

- (i) **Expanding Law Enforcement Collaboration** – The amendments to S. 14 have the effect of giving the Commission greater flexibility in terms of information sharing with other regulators and law enforcement authorities;
- (ii) **Increasing oversight of Branch Offices** – The amendments to S. 56 introduce a requirement for the annual renewal of branch offices;
- (iii) **Increasing oversight of Limited Offerings** – The amendments to S. 61 clarify that there is a requirement for limited offering notifications to be submitted to the Commission at least ten days prior to the offer being made;
- (iv) **Correction of Registration Errors** – A new section, 58A was introduced which allows the Commission, on its own motion, to issue an order to revoke the registration of a registrant who was registered in error; and
- (v) **Increasing the Commission's Enforcement Tools** – The amendments to S. 155 give the Commission the ability to make Orders for disgorgement in the appropriate circumstances. Additionally, the Commission can now impose administrative fines of up to five million dollars (formerly five hundred thousand dollars) in cases where persons have been found to be in breach of the Securities Laws and the appropriate procedures have been followed to determine same (S. 156).

We welcome the improvements to the legislation and believe that they will play a great role in the Commission continuing to achieve its vision *"To be an effective regulator fostering confidence in the Securities Industry."*

Explanatory Notes to Interim Financial Statements

As part of its disclosure requirements, Registrants must file interim financial statements periodically with the Commission. Interim financial statements report on a period that is shorter than the full financial year and the frequency of filing is dependent on the category of registration. Registrants are required to file their interim financial statements with the Commission within 60 days of the end of the financial period to which they relate. For Reporting Issuers, interim financial statements must be prepared on a quarterly basis for the first three financial quarters (each year), while Broker-Dealers, Investment Advisers and Underwriters are required to file interim financial statements on a half-yearly basis.

As stated in By-law 3 of the Securities (General) By-laws, 2015 ("the By-laws"), financial statements are to be prepared in accordance with financial reporting standards and, at minimum, include the following components:

- (i) a statement of financial position;
- (ii) a statement of comprehensive income;
- (iii) a statement of changes in equity;
- (iv) a statement of cash flows; and
- (v) notes, comprising a summary of significant accounting policies and other explanatory information.

Therefore, for interim financial statements to be considered complete, it must contain all of the requirements as stated in By-law 3. This includes notes to the financial statements.

Notes are an integral part of financial statements and provide additional or explanatory information pertaining to a

company's operations and financial position, and aid investors and other users in interpreting the numbers represented in the financial statements.

For the purpose of interim reporting, Registrants should be guided by the principles outlined in International Accounting Standard 34 ("IAS 34"). The disclosure requirements as it relates to interim financial statements, at IAS 34, are based on the assumption that users of the interim financial statements will have access to the company's most recent annual financial statements. Thus, the interim financial statements should contain only selected explanatory notes as it is intended to provide an explanation of events and transactions that are material or significant to an understanding of the current period, as well as changes in financial position and performance of the company since the last annual reporting period.

The list below outlines the explanatory notes that should be included, where applicable, in a company's interim financial statements [IAS 34.16]:

- a) a statement that the same accounting policies and methods of computation are followed in the interim financial statements as were followed in the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change;
- b) explanatory comments about the seasonality or cyclicity of interim operations;
- c) the nature and amount of items affecting assets, liabilities, equity, net income or cash flows, that are unusual because of their size, nature or incidence;

- d) the nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year, or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period;
- e) issuances, repurchases and repayments of debt and equity securities;
- f) dividends paid (aggregate or per share), separately for ordinary shares and other shares;
- g) the following segment information:
 - i. revenues from external customers, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker;
 - ii. intersegment revenues, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker;
 - iii. a measure of segment profit or loss;
 - iv. total assets for which there has been a material change from the amount disclosed in the last annual financial statements;
 - v. a description of differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss; and
- vi. a reconciliation of the total of the reportable segments' measures of profit or loss to the entity's profit or loss before tax expense (tax income) and discontinued operations. However, if an entity allocates to reportable segments items such as tax expense (tax income), the entity may reconcile the total of the segments' measures of profit or loss to profit or loss after those items. Material reconciling items should be separately identified and described in that reconciliation;
- h) material events subsequent to the end of the interim period that have not been reflected in the interim financial statements;
- i) the effect of changes in the composition of the entity during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinued operations; and
- j) changes in contingent liabilities or contingent assets since the end of the last reporting period.

Registrants are therefore asked to ensure that their interim financial statements include explanatory notes in order to ensure full compliance with their regulatory obligations. The scope and level of detail required in the explanatory notes will vary depending on the circumstances facing each Registrant. Registrants should therefore be guided by the provisions of IAS 34 when preparing the explanatory notes for their interim financial statements.

Sources:

Deloitte Touche Tohmatsu, 2009. *Interim Financial Reporting - A Guide To IAS 34*. [ebook] London: The Creative Studio at Deloitte, pp.7-11. Available at: <<https://www.iasplus.com/en/binary/dttdpubs/0903ias34guide.pdf>> [Accessed 7 July 2020].

ifrs.org. 2020. IFRS. [online] Available at: <<https://www.ifrs.org/issued-standards/list-of-standards/ias-34-interim-financial-reporting/>> [Accessed 7 July 2020].

Greening the Commission



The Trinidad and Tobago Securities and Exchange Commission ("Commission") recognizes the importance of our environment as a catalyst for positive economic development and investment. This, however, must be balanced with conservation and wise use of our resources. In so doing, the Commission set out to discharge its corporate social responsibility by adapting its operations to meet acceptable national environmental standards, by developing a Green Development Policy and action plan.

In August 2019 the Commission established a Go Green Committee, whose core focus was on developing a Green Policy that would guide waste reduction at the Commission. In 2020, the Committee worked with the Public Sector Recycling Programme, of the Solid Waste Management Company Limited (SWMCOL) to institute the Commission's first recycling programme. On March 16, 2020 the Commission launched Phase 1 of its waste reduction efforts; the first waste recycling programme for beverage containers, and paper-based products.

Commission's Green Policy Statement

At the TTSEC we will empower all Staff to become environmental stewards, who will contribute toward reducing our carbon footprint through reducing, reusing and recycling our waste, conserving our resources and by creating an environment-centric culture, for the benefit of all employees, their families and communities. We will aspire to be a model organisation in the industry for developing and implementing effective green practices and procedures.

Thus, we are committed to implementing a green policy that



will encourage an eco-centric culture aimed at:

- Reducing the amount of waste that the Commission generates
- Reducing our Carbon Footprint
- Increasing and transferring green knowledge to all employees and their families/ communities

The Commission is also reviewing its operations and leveraging technology to improve our internal and external operational processes to better meet the needs of the securities market. We will continue to explore international best practices and utilise technological advancements to foster a sustainable and environmentally conscious, resilient and adaptable Commission, which is able to withstand and evolve within an ever changing environment. Look out for more on this, as we steer forward to the launch of **EASi – Electronically Advanced Submission interface**.

Highlights from the Commission

This year the Commission embarked on several activities to raise the profile of the work of the Commission and the securities market.

- **Established a partnership with the Express Newspaper for the publication of an article on a weekly basis -** Every Wednesday, the Express newspaper has been graciously publishing the TTSEC's business features giving us the opportunity to inform the public about our role and responsibilities in the Securities Market.

You may visit the 'Published Articles' link on our website www.ttsec.org.tt to read all publications.

- **Partnered with TV6 for the production and airing of a four part 'Get to Know the TTSEC',** TV6 'Inside Business' series. The series included interviews with CEO, Hadyn Gittens; D-CEO, Lystra Lucillio; Director, C&I, Rosalind King and former Director DR&CF, Chandradath Maharaj. Visit and subscribe to our YouTube Channel 'T&T Securities and Exchange Commission' to view the full series and view our latest videos.



- Expanded our social media presence. Follow us on the following networks for the latest updates:

Connect with us via any of our social media handles:



- **'Ask the TTSEC' Live Q&A Event – June 26, 2020**

One of the Trinidad and Tobago Securities and Exchange Commission's valued approaches to investor education is public education outreach. Over the years, the Commission has been engaged in several public outreach initiatives targeting specific stakeholder groupings, as well as the

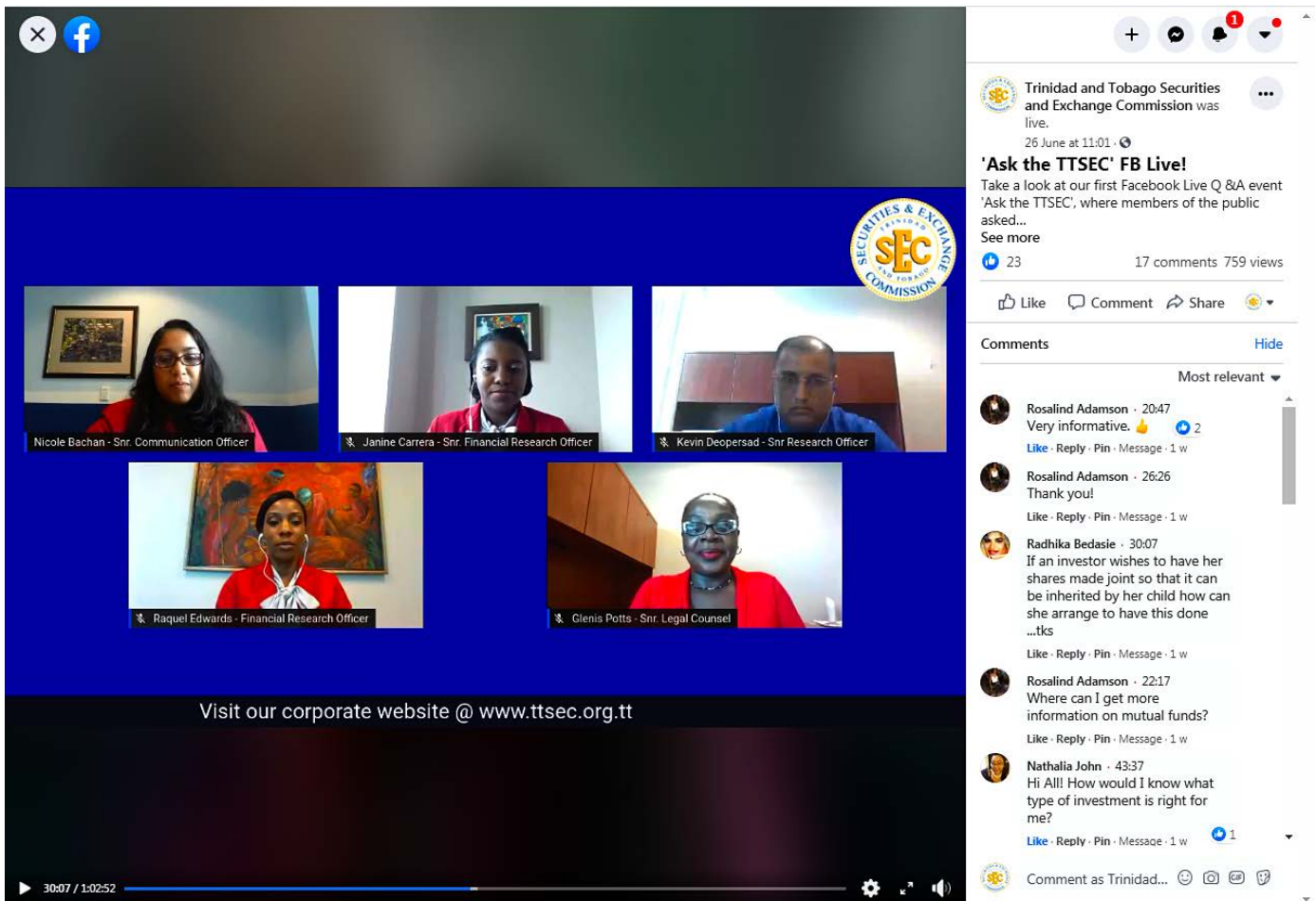
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general public. In an effort to ensure a more sustained approach to investor education, in 2016 the TTSEC designated the month of May, National Investor Education Month, for the implementation of an aggressive and penetrative outreach programme. The month of May was chosen to coincide with the anniversary of the Commission - observed on May 2nd. The intent was to establish a signature event for the Commission that will garner national mind-share at least once per year.

This year, the Commission commemorated its 5th National IE month. However, due to the Government imposed restrictions associated with COVID-19, the Commission cancelled all scheduled outreach sessions, partnerships and collaborations up to June 2020. In response to the new strictures aimed at protecting public health, the Commission adapted its Investor Education (IE) programme to ensure the fulfilment of its mandate. Therefore, until further notice, the Commission’s IE programme will be executed virtually, as far as reasonably practicable.

During the period May 28th, 2020 to June 5th, 2020, the Commission launched a social media campaign, titled: ‘Know your Rights’. This campaign shared (6) key messages to members of the public on their rights and responsibilities as investors, and the role of the Commission. The campaign culminated with a Facebook Live Panel Discussion and Q&A session on June 26th, 2020 - a first for the Commission.

Based on initial statistics, this Live Event reached 5,142 persons and garnered 239 engagements. This approach was novel for the Commission and yielded a desired interest among our online community. It allowed us to maintain our existing relationships and grow our online presence. This will now become a staple at the end of each month and we look forward to hosting our **next live Facebook event on July 31st, 2020 at 2pm, where we will focus on the topic, “Players in the Securities Market and Investment Instruments”.**



TTSEC Team fielding questions from our live audience during the Facebook Live Q&A segment on June 26, 2020.

Celebration of International Days

International day of Education

On Friday 24th January, TTSEC celebrated International Day of Education with a pop-up book fair under the theme "empowering people, preserving the planet, building shared prosperity and fostering peace." The idea was simple. An exchange of books among staff.



Ms. Lystra Lucillio, Deputy CEO, TTSEC (right) engages in discussion with Ms. Ellen Lewis, Manager, Corporate Communication and Education (front left)

Mr. Hadyn Gittens, CEO, TTSEC, engages with Staff during the Pop Up Book Fair.

International Women's Day

Sunday 8th 2020, the world celebrated International Women's Day. Its theme "Each for Equal" encouraged the promotion of gender equality and support for each other's achievements.



Mr. Hadyn Gittens, CEO TTSEC (Front Centre) celebrates International Women's Day with staff members during a Photo Op. at the International Waterfront Centre.

Express Business Partnership on Investor Education & Market Engagement

Since November 2019, the Trinidad and Tobago Securities and Exchange Commission ("the Commission") through a partnership with the Business Editor of the Trinidad Express has been a regular contributor to the Express Business on regulatory matters related to the securities industry. The objective of the Commission's column is to ensure market participants, individual investors and potential investors are consistently engaged and kept abreast of developments and issues affecting the securities sector. This is in sync with the Securities Act 2012, which among other obligations, imposes on the Commission the duty to 'protect the integrity of the securities market against abuses' and to 'educate and promote an understanding by the public of the securities industry'.

Over the course of our collaboration with Express Business, a wide range of topics and subjects have been addressed including a well-received series on Raising Capital in the Securities Market owing to the impact of COVID-19 on businesses; Corporate Governance and the Securities Market; FINTECH and the Securities Market; Ensuring Compliance with AML CFT; COVID-19 and the Securities Market and Market Manipulation among other topical themes. All published articles can be accessed via the Commission's corporate website – www.ttsec.org.tt.

Market participants are encouraged to follow the column, which is published every Wednesday in Express Business, and to let us know what other issues or subjects they would want the Commission to cover. Send your comments, questions and suggestions to ccei@ttsec.org.tt.

The collage features several key articles and data visualizations:

- Stress testing the securities market:** An article discussing the importance of stress testing for financial institutions and investors, particularly in light of market volatility.
- Raising capital in the securities market:** An article exploring the challenges and opportunities for companies seeking to raise capital through the securities market.
- The impact of COVID-19 on mutual funds:** An article analyzing how the pandemic has affected mutual fund performance and investor behavior. It includes two tables:

Mutual Fund	Assets Under Management	March 2020	Change
Global Bond	\$1,215,000,000	\$1,215,000,000	0%
Global Equity	\$1,100,000,000	\$1,100,000,000	0%
Global Income	\$1,000,000,000	\$1,000,000,000	0%
Global Growth	\$900,000,000	\$900,000,000	0%
Global Tech	\$800,000,000	\$800,000,000	0%

Subscription	March 2020	Change
Subscriptions	1,200,000	+10%
Redemptions	1,100,000	-5%
- Robo-advisers are here:** An article discussing the rise of robo-advisors and their impact on the investment industry.
- Who's who in the securities market:** A diagram illustrating the various stakeholders in the securities market, including regulators, issuers, investors, and intermediaries.
- Building a culture of regulatory compliance:** A circular diagram showing the components of a strong compliance culture: Requirements, Rules, Standards, Governance, Regulations, and Transparency.
- COVID-19 and the T&T securities industry:** A line chart showing the performance of the Trinidad and Tobago securities market during the COVID-19 pandemic.
- Advancing to a more integrated system:** An article discussing the need for a more integrated and efficient securities market.

This section contains three main articles:

- Compliance reviews of registrants:** An article detailing the Commission's efforts to ensure that registrants are compliant with regulatory requirements.
- Building a culture of regulatory compliance:** A detailed article on how to foster a strong culture of compliance within a financial institution.
- COVID-19 and the T&T securities industry:** An analysis of the challenges and opportunities facing the securities industry during the COVID-19 pandemic.