



Bi-Annual Market Newsletter

July-December 2022, Issue #30



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TTSEC
Resumes
'In-person'
Market
Outreach
Sessions

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Credits

The TTSEC Market Newsletter is a bi-annual publication of the Trinidad and Tobago Securities and Exchange Commission.

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Message from the
**Chief Executive
Officer (Ag.)
Lystra Lucillio**

I am pleased to share with you the latest issue of our bi-annual Market Newsletter.

This is an exciting period for the TTSEC, as we continue with the rollout and implementation of our 2022-2026 Strategic Plan. This plan has four underlying themes: upon which the growth, regulation and development of the local securities market are hinged. Specifically, the themes are: Regulatory Enhancement; Empowered, Engaged and Enabled Employees; Strategic Partnerships, Collaboration and Communication and Operational Excellence.

Having just celebrated 25 years in operation, we view the next four years as critical to laying the groundwork for an efficiently regulated market. Market Players are integral to the growth of the capital market and valued partners in its development.

Our focus on collaboration, would have been highlighted at our first in-person market outreach session which was held in September, 2022. Thank you to everyone who attended and gave their support to this and other TTSEC activities and projects. We look forward to your continued collaboration in the New Year.

In this issue, information will be shared along the following topics:

- TTSEC resumes in-person Market Outreach Sessions
- Cost of Compliance vs. Cost of Non-Compliance
- Interconnections in the Securities Market
- Notice of Amendments to the Securities Act
- TTSEC conducts Market Outreach on Enforcement
- Reporting of Trades Conducted other than Through a Securities Exchange
- Importance of Disclosure Documents - Financial Statement Filings

We hope that you find this issue of our bi-annual Market Newsletter informative, and as always we welcome your feedback via ccei@ttsec.org.tt.

Wishing you a blessed Christmas and a healthy, safe and productive New Year 2023.

Lystra Lucillio
Chief Executive Officer (Ag.)



TTSEC Resumes *'In-Person'* Market Outreach Sessions

The TTSEC held its first in-person Market Outreach Session since the COVID-19 pandemic at the La Boucan Room, Hilton Trinidad, on Tuesday September 6th, 2022. This event was fully subscribed with registrants from a wide cross-section of the market in attendance. A team comprising Kevin Deopersad, Director Disclosure, Registration and Corporate Finance, Marsha King, Legal Consultant and Sugrim Mungal, Manager, Policy Research and Planning delivered presentations on a variety of topics including: an update on the proposed CIS By-Laws; Disclosure Requirements of Registrants; the Electronically Advanced Submission interface (EASi) and the onboarding process; Micro and Macro-Prudential Reporting Framework (MMRF) and the Capital Adequacy Framework, among other areas of interest to the market. There was also a Q&A segment led by Lystra Lucillio, the acting Chief Executive Officer.

Such face-to-face engagements had not been possible over the last two years, due to the rapid rate at which the coronavirus was spreading. These sessions will be routinely held going forward in response to market developments. A survey conducted among participants showed that 93% of respondents found the session 'useful'. The overall data obtained from the survey will be used to guide future market sessions.

This event was reported on by the Express, Guardian, Newsday, TV6 and Loop TT.



Market participants registering for the in-person outreach session.



A wide cross-section of attendees at the TTSEC's Market Outreach Session which was held in September at the Hilton Trinidad.



A market participant providing valuable feedback during the Q and A session



L-R: Ellen Lewis, Manager Corporate Communication and Education, TTSEC; Kevin Deopersad, Director Disclosure Registration and Corporate Finance, TTSEC; Brian Peters, Lead Counsel, Enforcement, TTSEC; Krystal Salazar, President/Chairman Mutual Fund Association of Trinidad and Tobago (MFATT); Lystra Lucillio, TTSEC, CEO (Ag.); Tiffany Pemberton-Marquez, Vice President Securities Dealers Association of Trinidad and Tobago (SDATT); Sugrim Mungal, Manager Policy Research and Planning TTSEC; Marsha King, Legal Consultant, TTSEC.

TTSEC CONDUCTS Market Outreach ON Enforcement



On November 16, 2022, the TTSEC continued its drive to educate and promote an understanding of its functions and powers as regulator among market participants, when it hosted a virtual market outreach session focused primarily on enforcement related issues. Staff of the Enforcement arm of the Legal Division facilitated a presentation and panel discussion on the powers and functions of the TTSEC under the Securities Act Chapter 83:02, issuance of contravention letters, the settlement process and the administrative tribunal hearings process. This session was well attended with 79 representatives from among 40 Registrants.

The presentations were delivered by a team comprising Ria Reyes, Senior Legal Counsel, Leslie-Ann Browne, Senior Legal Counsel and Melissa Cudjoe, Senior Investigator.

While the discussion was led by Lystra Lucillio, CEO Ag and included: Marsha King, Legal Consultant, Brian Peters, Lead Counsel Enforcement and Leslie-Ann Browne. The panel fielded and responded to questions from participants providing additional information and guidance on other areas of interest.

The TTSEC thanks those who attended for their participation and looks forward to the conduct of more market sessions that aim to promote a better understanding of the role and functions of the TTSEC, as regulator of the local securities industry.

On September 6th, 2022, the TTSEC conducted its first in-person market outreach session since the pandemic, at the Hilton Trinidad.



NOTICE OF AMENDMENTS TO SECURITIES ACT, CHAPTER 83:02 OF THE LAWS OF THE REPUBLIC OF TRINIDAD AND TOBAGO

Trinidad and Tobago Securities and Exchange Commission ("TTSEC") advises the public of certain amendments to the Securities Act Chapter 83:02 ("the Act") of the Laws of the Republic Of Trinidad and Tobago.

A new Section 165A has been inserted after the existing Section 165 of the Act to provide for the criminalising of any '*prohibited schemes*', namely Ponzi and pyramid-type schemes.

Under the amended Act, it is now a criminal offence to establish, operate, advertise or participate in these prohibited schemes. It is now also an offence to invite persons to join a prohibited scheme.

The Act further provides that a person who establishes or operates a *prohibited scheme* is liable, if convicted, to pay a fine of \$10,000,000.00 or to imprisonment for 10 years.

It also states that a person who knowingly participates in a prohibited scheme is liable, if convicted, to pay \$5,000,000.00 or to imprisonment for 5 years.

For knowingly advertising or inviting another person to join a prohibited scheme a person is liable, if convicted, to pay \$2,000,000.00 or to imprisonment for 3 years.

The link to the Act and the amended Acts may be found on the Trinidad and Tobago Parliamentary website <http://www.ttparliament.org> and the Government of the Republic of Trinidad and Tobago, Office of the Attorney General and Ministry of Legal Affairs website <https://agla.gov.tt/law-revision-commission/revise-laws> and via the website of the TTSEC https://www.ttsec.org.tt/legal-framework/?_sft_category=legislation.

Dated the 11th of November 2022

COST OF COMPLIANCE VS NON-COMPLIANCE IN THE SECURITIES MARKET

As the supervisory authority, the Trinidad and Tobago Securities and Exchange Commission (TTSEC) is responsible for maintaining oversight of the securities market and ensuring fairness, equity and transparency in the marketplace. This means that the TTSEC must ensure compliance with securities laws by Registrants to foster the orderly growth and development of the market and the protection of investors.

The TTSEC has the power to authorize/register and prescribe rules for entities operating in the securities market and to conduct inspections and examinations of Registrants relative to their adherence to relevant regulations and guidelines. As primary actors market participants are obligated to comply with applicable regulations illustrated in the table below:

Name	Description
Required (TTD)	An Act to provide protection to investors from unfair, improper or fraudulent practices; foster fair and efficient securities markets and confidence in the securities industry in Trinidad and Tobago; and to reduce systemic risk.
Securities (General) By Laws 2015	By-Laws and rules that are to be used in conjunction with the SA 2012.
Proceeds of Crime Act Chap. 11:27 (as amended)	An Act to provide for the confiscation of the proceeds of drug trafficking and other crimes and the criminalizing of money laundering.
Anti-Terrorism (Amendment) Act, 2018	An Act to criminalize terrorism and the financing of terrorism, to provide for the detection, prevention, prosecution, conviction and punishment of terrorist activities and the confiscation, forfeiture and seizure of terrorists' assets and of those involved in the financing of terrorism and for related matters.
Economic Sanctions Act	An Act to provide for the implementation of Economic Sanctions imposed by Regional or International Organisations and for matters incidental thereto.
TTSEC's issued Guidelines <ul style="list-style-type: none"> • Anti-Money Laundering and Counter Financing of Terrorism • Collective Investment Schemes • Repurchase Agreements • Implementation of the Tax Information Exchange Agreement (United States of American) Act 	TTSEC has a number of issued Guidelines, which enable the proper performance of its functions, and regulate the conduct of its registered entities.

With the financial consequences of compliance breaches growing exponentially, phasing into compliance becomes a smart move for organizations, but that too comes at a cost. Key components that contribute to compliance costs include:

- **Registration:** Ensuring registration of securities, registration and renewal of the business and the filing of disclosure documents pursuant to registration.
- **Policies:** Developing policies within an organization helps develop the structure required for complying with different regulatory frameworks. Additional costs can be incurred should the company outsource this function or require consultation from subject-matter experts.
- **Assessments:** This involves engagement of external auditors to examine annual financial statements and AML/CFT compliance programme
- **Investments in Security:** This involves, data encryption, data loss prevention, and governance. Investments in technology solutions enable transformation of organizations, strengthening their compliance posture. Enforcing data usage norms and preventing data loss or leakage.

Considering some of those costs, it is not surprising that the suggested solutions can be a drain on already strained resources. While the cost of compliance seems high, the cost of non-compliance has become more expensive than ever, far exceeding the costs of compliance.

Despite compliance challenges and the rising costs associated with them, non-compliance is vastly more expensive and far riskier to a company's reputation, stakeholders, and bottom line. Ignoring required compliance measures can impact businesses by:

- **Business disruption:** When found to be non-compliant, businesses can be required to cease and desist some operations and implement compliance changes before resuming operation.
- **Reputational damage:** This is one of the most overlooked costs of noncompliance. Repairing a damaged reputation is a difficult feat and often hard to accomplish in a timely fashion.
- **Revenue loss:** Regulatory breaches significantly impact a business' revenue.

Another factor to consider is possible data breaches. Data protection regulations are increasingly complex due to personal and proprietary data value and sensitivity. Noncompliance may increase the risk of data breaches, data loss, cyberattacks, or insider threats.

Risks associated with non-compliance are ever evolving and continuing to rely on old methods is not an effective strategy. Instead, organizations need an efficient way to monitor and manage existing risk management strategies. Implementing a robust compliance program is paramount for complying with the securities industry's rules and regulations. This can span from recruiting and retaining qualified compliance professionals to establishing, implementing, enforcing, and testing policies and procedures reasonably designed to achieve compliance requirements adequately and timely.

Increases in compliance costs typically occurs as regulation around an industry increases and can be incurred because of local, national, and international regulations. However, compliance costs are significantly lower than that of non-compliance. Holistic approaches are necessary for ensuring compliance, security, and protection.



Interconnections in the Securities Market

As a regulator we not only monitor the risks within the local securities market, but we continue to holistically examine financial stability while understanding the linkages between the markets.

The financial system of Trinidad and Tobago is a large mosaic of interconnected and interdependent markets, market participants, and institutions. Regulated institutions operating in the financial sector often work together to transfer capital or funds between financial market participants. The system is mainly dependent on the interconnections within these institutions to facilitate financial transactions. Even though globalization and interconnectedness can promote international risk sharing, competition, and efficiency; it can also spread adverse shocks in a virulent manner.

Past events such as the global financial crisis of 2008–09, the collapse of Trinidad and Tobago-based CL Financial Group in 2009 and most recently the global Covid-19 pandemic, have shown the impact of the interconnectedness within local, regional, and international markets. According to the International Monetary Fund (IMF) (2021), instability can increase uncertainty, dampen investment, impede economic growth and hurt living standards. Hence it is important that as a regulator we not only monitor the risks within the local securities market, but we

continue to holistically examine financial stability while understanding the linkages between the markets.

The financial institutions within Trinidad and Tobago are often divided into subsidiaries within their group of companies that are engaged either directly, or through affiliates, in banking, securities, and insurance operations. Registrants within the securities market (i.e. those either associated or belonging to a group consisting of a Financial or Banking entity) conduct business within the **three (3)** main categories of Investment Advisers, Broker-Dealers and Underwriters. Such business activities may include, but are not limited to: investment advising, trading, wealth management, portfolio management, CIS management and Repo selling.

At the end of the quarter December 2021, approximately **65 percent** of Registrants were either associated or belonged to a group consisting of a Financial or Banking entity. This highlights the importance of the banking sector to the economy of Trinidad and Tobago. Any significant problems with these registrants can have reputational and financial damages, undermining financial and economic stability. The remaining **35 percent** of Registrants were Independent.

Within this article we will examine each segment of the securities market and their interconnections. The segments of the market showed interdependence amongst the market actors, investment strategies and portfolio composition, intersegment investing and international markets.

Equities Market

It is important to note that the Equities market is the largest segment of the Trinidad and Tobago securities market, valued at a market capitalisation of **TT\$150.04Bn** as at December 2021. The **5** largest companies that bolstered the positive performance of this market were within the Banking Sector, accounting for **53.37 percent** as at December 2021. There were also **3** exchange-traded Collective Investment Schemes on the T&T Stock Exchange: The Calypso Macro Index Fund from the T&T Unit Trust Corporation and the Development and Value Funds from Eppley Caribbean Property Fund Limited.

Collective Investment Schemes Market

The securities market in Trinidad and Tobago is notable for the high degree of penetration of Collective Investments

Schemes (CISs) into the population. The size of this market in the economy is very significant as it measured approximately **42.49 percent** of GDP as at December 2021. At the end of December 2021, there were **72** registered mutual funds managed by **16** CIS managers of which **51 percent** of the Assets Under Management (AUM) were managed by institutions associated with Financial entities, whilst **47.74 percent** were associated with Banking entities. An institution which is associated with a Financial Group and has also been listed as a Systemically Important Financial Institution (SIFI) held the largest market share of **38.01 percent**. These factors create a significant risk of a systemic impact if the funds experience problems. The CIS industry and portfolios also have significant exposure to fixed income securities issued by the Government of Trinidad and Tobago (GORTT). As at December 2021, these investments accounted for approximately **45 percent** of the CIS Portfolio. Therefore, any downgrade(s) in the country's sovereign rating has the potential to negatively impact the health of investment portfolios.

Local CISs also hold investments in regional and international financial markets creating interconnections globally. As such, factors affecting international markets can also impact the local securities market. Global markets have been grappling with black swan events within recent years including the Covid-19 pandemic, geopolitical tensions, and surging oil and gas prices. Even though investments in Foreign Securities accounted for approximately 32.27 percent of CIS portfolios, it is important that we continue to monitor the developments in international markets as these factors can affect the value of the fund's portfolio and also the behavior of unitholders. Under redemption stress, a fund manager is most likely to call first for its cash at bank and to break its fixed deposits early, then liquidate its assets. However, if there is a lack of liquidity in the domestic market, this will limit a fund manager's ability to do this. A fund manager that is a subsidiary of a financial group is likely then to call on its parent company to purchase the assets so as to finance the redemption and thereby mitigate any reputational risk to the group. A CIS manager that is not in a group will likely turn to its commercial bank.

In addition, there are instances in which funds from CISs are being invested in other CISs, which opens them to investment risk if those CISs do not perform to expectations.

Repurchase Agreement Market

Eleven of the 13 Repo Dealers were associated with Financial



TTSEC monitors all business operations of registered market actors, particular attention is also given to such leaders.

and Banking Groups as at December 2021. The two (2) market leaders were associated with Financial Groups, accounting for approximately 59 percent of Repo Liabilities. It was observed that the portfolios in the CIS and Repo markets were quite similar where the largest investments were made in fixed income securities issued by the GORTT and its State Agencies. As at December 2021, these investments accounted for approximately 51 percent of the Repo portfolios, respectively. Investments in the Local Equities market accounted for approximately 5 percent for CIS portfolios and were absent from the Repo portfolio. CIS portfolios invested 0.63 percent in Repos while Repo portfolios invested 0.24 percent in Local CISs. Whilst the Trinidad and Tobago Securities and Exchange Commission's (TTSEC's) Repo Guidelines restricts investments in local equities and CISs, the TTSEC has taken steps to amend these guidelines and oversight of the Repo market. Additionally, investments of (approximately 46 percent) were made in Foreign Securities for Repo portfolios.

Over the Counter Market

As it relates to the Over the counter (OTC) market, there were 10 companies which participated in the market, of which, 64 percent were associated with Financial or Banking Groups.

At the end of 2021, segment leaders associated with Financial or Banking groups dominated the securities market. It is important that while the TTSEC monitors all business operations of registered market actors, particular attention is also given to such leaders. The COVID-19 pandemic triggered the TTSEC to implement stricter monitoring measures to ensure that Registrants were taking the necessary precautions to mitigate any possible risks that may affect their businesses or portfolios managed. The TTSEC continues to monitor the vulnerabilities of market actors' business operations, products and services offered while also keeping under its purview, the potential risks in the local and international markets.



IMPORTANCE OF DISCLOSURE DOCUMENTS:

Financial Statement Filings

The vision of the Trinidad and Tobago Securities and Exchange Commission ("TTSEC") is "To be an innovative regulator of a thriving securities market, enabling economic development for the benefit of all." The TTSEC pursues this vision by ensuring that the securities markets are fair and transparent, through the disclosure of information. The Disclosure, Registration and Corporate Finance Division (DR&CF) is responsible for registering securities and registrants, (issuers of securities, market intermediaries and self-regulatory organizations) and tracking and monitoring disclosures from registrants. In this article, we will focus on the importance of disclosure documents, in particular financial statements, that required under the Securities Act, Chapter 83:02 of the Laws of the Republic of Trinidad and Tobago ("the Act") and discuss how the provision of information through these financial statements assist in promoting fairness and transparency in the securities market.

Financial statements are written records that outline the financial performance of a company. They can indicate, among other things, how successful a company has been at generating a profit to repay or reward investors. Although financial statements are historical, they also provide some indication of a company's possible future performance. Financial statements typically include

Financial statements allow investors to conduct fundamental analysis, to evaluate stock value, growth prospects and the overall performance of a company

the balance sheet (statement of changes in financial position), the profit and loss statement (statement of income), cash flow statement (statement of changes in cash flows) and statement of changes in equity.

Taken together, financial statements allow investors to conduct fundamental analysis, to evaluate stock value, growth prospects and the overall performance of a company. One method of financial analysis that investors can employ is the use of financial ratios. The most common financial ratios used are profitability, liquidity, solvency, and efficiency ratios. Investors can use these ratios to provide context for making meaningful comparisons. Investors can compare companies of different sizes as well as the performance of the same company at different points in time.

Financial statements can also signal red flags about financial instability or accounting improprieties. Investors are encouraged to carefully analyze a company's financial statements before deciding to purchase or sell a security issued by a company.

The financial statements that are required to be prepared by

market participants are identified in the Act and the Securities (General) By-laws, 2015 ("the By-laws"). The following table outlines the financial statement filings that registrants and Self-Regulatory Organizations ("SROs") are required to meet and the timelines within which they must satisfy these filing obligations:

Type of Registrant	Documents Due to be Filed	Timeframe for Submission to the Commission
Reporting Issuers	Interim Financial Statements (Quarterly)	60 days after the end of each quarter
	Comparative Financial Statements	90 days after the end of the financial year
	Annual Reports	120 days after the end of the financial year
Reporting Issuers (Trust Form CISs only)	Half Yearly Interim Financial Statements	60 days after the end of the financial year
	Annual Reports	120 days after the end of the financial year
Broker-Dealers, Investment Advisers, Underwriters	Half Yearly Interim Financial Statements	60 days after the end of the financial year
	Comparative Financial Statements	90 days after the end of the financial year
Self-Regulatory Organizations	Annual Reports	120 days after the end of the financial year

Please note that failure to file these financial statements within the specified timeframe may constitute a contravention of the Act in respect of which the TTSEC may impose a penalty for such failure in accordance with section 156(2) of the legislation. Given the provisions of section 156(2), registrants may be liable to pay an administrative fine of TT\$1,000.00 for each day that a document referred to above is not filed with the TTSEC within the specified timeframe.

The TTSEC's disclosure-based system of regulation is meant to reduce the information asymmetry in the market and enable investors to be more confident about their investment decisions. This confidence encourages investors to invest in the securities market. Registrants therefore have a responsibility to prepare appropriate disclosure documents and to make these available to investors. As such, we take this opportunity to remind our registrants of some of the options they can use to facilitate the distribution of their financial statements

Section 67 (1) of the Act requires that Reporting Issuers ensure that their Annual Report, Annual Comparative Financial Statements, as well as Interim Financial Statements, are sent to their shareholders. Section 67 (2) highlights the various options for sending these documents to shareholders apart from mailing them:

- Where the shareholders have given their consent, Reporting Issuers can disseminate their financial statements by way of compact disc or other extender memory device or electronic mail;
- Publication of financial statements in two (2) daily newspapers of general circulation in Trinidad and Tobago; and
- Posting the financial statements on their respective websites and issuing a press release to be approved by TTSEC which would notify the shareholders of the availability of the financial statements.

Section 41 of the By-laws requires that Broker-Dealers, Investment Advisers and Underwriters when requested by clients:

- Provide a copy of their most recently prepared audited financial statements, as filed with the TTSEC or self-regulatory organization of which they are a member; and
- Inform its clients on every statement of account or by other means approved by the TTSEC that the audited financial statement referred above are available on request

While investors have a right to receive these disclosure documents, it is critical that they also remember that they have a responsibility to review same before making investment decisions.



Reporting of Trades Conducted other than Through a Securities Exchange

The Miscellaneous Provisions (FATF Compliance) Act, 2020, which was assented to on December 18, 2020, approved certain amendments to the Securities Act Chapter 83:02 ("the Act"). These amendments included a change to Section 86 of the Act "*Trades conducted other than through a securities exchange*". More specifically, Section 86 was modified as follows-

- Re-numbering of Section 86 to Section 86(1) and the insertion of a new sub-section numbered Section 86(2); and
- The insertion of the words "in locally distributed securities" in the re-numbered Section 86(1).

Accordingly, effective December 18, 2020, Section 86 of the Act, states the following:

- (1) "*Where a registrant under section 51(1)(a) participates in trades in locally distributed securities other than through the facilities of a securities exchange, such a registrant shall keep a record of all trades executed by any person other than through the facilities of a securities exchange and shall file with the Commission a report of the trades in such form as the Commission may determine and within the prescribed period*".
- (2) "*Notwithstanding subsection (1), a registrant is not required to file a report where the registrant, notifies the Commission in writing that the registrant has not participated in trades in locally distributed securities, other than through the facilities of the securities exchange.*"

Information to be disclosed pursuant to Section 86(1) of the Act

In breaking down the requirements of Section 86(1), it is imperative to examine the definition of certain key terms pursuant to Section 4 of the Act and how they apply to Section 86(1).

In that regard, we know from the above that Section 86(1) states, *inter alia*, "*Where a registrant under Section 51(1)(a) participates in trades in locally distributed securities*". Section 51(1)(a) refers to **broker-dealers**, which is defined in the Act as persons engaging in the business of effecting transactions in securities for the account of others or buying or selling for their own account. Further, a **trade** is defined in the Act as, *inter alia*, any sale or purchase of a security and any participation as a registrant or agent in any transaction in a security. For the purpose of Section 86(1), it is noted that the trades to be captured are those that involve a change in beneficial ownership.

Accordingly, we can establish that Section 86(1) applies to broker-dealers, participating as either principal or agent, in the sale or purchase of locally distributed securities, which involves a change in beneficial ownership between parties.

Section 86(1) also provides for the recording and reporting of trades conducted *“other than through the facilities of a securities exchange”*. To clarify this criterion, we must first establish what is considered a securities exchange. Section 4 of the Act defines a securities exchange as an entity which maintains or provides physical facilities where persons may meet to execute trades in securities or a mechanical, electronic or other system that facilitates execution of trades in securities by matching offers of purchase and sale and includes the Stock Exchange. As such, we can establish that the trades applicable to Section 86(1) of the Act, would not have occurred on the Stock Exchange or any similar type of facility.

Further, Section 4 outlines the various types of “securities markets” applicable under the Act. In terms of off-exchange securities markets, the Act allows for the following:

1. Alternative Trading Systems (“ATS”); and
2. Any other person that-
 - a. constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities;
 - b. brings together the orders for securities of multiple buyers and sellers; and
 - c. uses established, non-discretionary methods under which the orders interact with each other and buyers and sellers entering the orders agree to the terms of a trade.

From the characteristics of the off-exchange securities markets as defined above, an over-the-counter (“OTC”) market, which is defined as the market in which securities are traded via a network of dealers rather than through a stock exchange, is considered an off-exchange securities market. Accordingly, we can proffer that Section 86(1) encapsulates trades that are conducted by a broker-dealer through an ATS or an OTC market.

In summary, we can conclude that pursuant to Section 86(1) of the Act, a broker-dealer is required to file a report with the Commission, within the prescribed timeframe if the following applies:

1. The broker-dealer participates, either as principal or agent, in the sale or purchase of locally distributed securities;
2. The trade must involve a change in beneficial ownership between parties; and
3. The transaction occurs through the facilities of any off-exchange market including an ATS or an OTC market.

Prescribed Form and Timeframe

Pursuant to the launch of its Electronically Advanced Submission Interface (“EASI”) platform, the TTSEC amended its Form 21 – Report by Registrant of Trades Executed other than through a Securities Exchange (“Form 21”).

In that regard, the Form 21 now consists of the following:

- Form 21 – Report by Registrant of Trades Executed other than through a Securities Exchange - General Information (“Form 21 – General Information”);
- Form 21 – Report by Registrant of Trades Executed other than through a Securities Exchange - Appendix - A – Equity;
- Form 21 - Report by Registrant of Trades Executed other than through a Securities Exchange - Appendix - B – Debt;
- Form 21 - Report by Registrant of Trades Executed other than through a Securities Exchange - Appendix - C – Collective Investment Schemes;
- Form 21 - Report by Registrant of Trades Executed other than through a Securities Exchange - Appendix - D – Securitized Instrument; and
- Form 21 - Report by Registrant of Trades Executed other than through a Securities Exchange - Appendix - E – Other.

The “Form 21 – General Information” and its corresponding Appendices seek to standardize and foster consistency in the way in which registrants report their filing requirements pursuant to Section 86(1) of the Act. It also facilitates the capture of pertinent information with respect to the different types of securities traded by Registrants.

Registrants are required to submit the “Form 21 – General Information” and any applicable Appendices in respect of trades executed during the reporting period within ten (10) business days following the end of each quarter in the financial year of the registrant as prescribed by By-Law 56 of the Securities (General) By-Laws, 2015. The applicable Form can be accessed on the TTSEC’s website at <https://www.ttsec.org.tt/easi/forms-fees-and-schedules/>.

Notwithstanding, we note that pursuant to Section 86(2) of the Act, a registrant is not required to file the Form 21 – General Information and the applicable Appendices, where the registrant notifies the TTSEC that it has not participated in trades of locally distributed securities, other than through the facilities of a securities exchange.

PONZI-TYPE SCHEMES PROHIBITED



TTSEC advises that it is now a criminal offence to establish, operate, advertise or participate in prohibited schemes such as Ponzi/pyramid type financial arrangements. It is also now an offence to invite persons to join such prohibited schemes.

Anyone who operates a prohibited scheme is liable upon conviction to pay a fine of **\$10,000,000.00 or 10 years in prison.**

Anyone who knowingly participates in a prohibited scheme is liable upon conviction to pay **\$5,000,000.00 or 5 years in prison.**

Anyone who knowingly advertises or invites another person to join a prohibited scheme is liable upon conviction, to pay **\$2,000,000.00 or 3 years in prison.**

This is in accordance with the Securities Act Chapter 83:02, as amended, of the Laws of the Republic of Trinidad and Tobago.

To learn more, visit the TTSEC website www.ttsec.org.tt and download the TTSEC Investor Protection App via the Google and Apple Stores.



You Invest. We Protect. Everyone Benefits!

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