



TRINIDAD & TOBAGO SECURITIES & EXCHANGE COMMISSION

WORLD CONSUMER RIGHTS DAY 2011

Consumers for **FAIR** Financial Services

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Every year on March 15th countries all over the world celebrate World Consumer Rights Day. In campaigning for the rights of consumers across the world, Consumers International (CI) acts as a global watchdog and holds corporations accountable for any behaviour that threatens, ignores or abuses the principles of consumer protection. The theme for **World Consumer Rights Day 2011** is “**Consumers for Fair Financial Services**”.

As part of their focus this year consumer protection agencies will assess:

- whether financial services are fair and equitable
- whether the services offered by financial service providers meet the user's expectations.
- whether the laws and regulations that govern the operations of financial service providers are fair to consumers
- whether consumers are getting services that are equivalent to what they pay for

ROLE OF THE TTSEC

As the regulator of the securities industry, the Trinidad and Tobago Securities & Exchange Commission (TTSEC) has as its primary purpose the supervision of all activity in the securities industry. Our three core objectives are:

- to ensure that markets are fair, efficient and transparent;
- to reduce systemic risks; and
- to protect investors.

We achieve these objectives via:

- registration of market actors,
- formulation and promulgation of guidelines and laws to guide the actions of participants in the market,
- monitoring of these participants to ensure compliance, and
- enforcement in the event of non-compliance

DISCLOSURE

A key pillar of our Investor Protection thrust lies in the principle of full disclosure. In designing its disclosure and reporting requirements, the Commission strives to strike a balance between a sufficiently robust regime which satisfies the information needs of investors without imposing excessive costs on market participants. At the most basic level the market actor must provide material information relating to the security to be issued. He must also disclose any risks relating to the security and must divulge his current and proposed operations to both the Commission and investors.

RULE MAKING

The Commission has the authority to formulate adequate rules, guidelines, laws and prudential standards for the operation of securities markets, to ensure fairness, efficiency and transparency. The Commission's Rules address:

- the frequency and nature of the disclosure of information,
- the monitoring of market behavior as well as
- unfair trading practices such as insider trading and market manipulation.

The new Securities Bill, when enacted, would give the TTSEC a stronger regulatory regime and would increase sanctions for any breaches of the law and for market misconduct.

MONITORING

Market participants have ongoing disclosure and reporting obligations which generally include the submission of their financial statements to the Commission at routine intervals. Effective regulators monitor the behavior of market participants to ensure their compliance with established rules and laws. The TTSEC is moving to improve its monitoring and surveillance of the market by concentrating on market quality risks using a Risk-Based Supervisory Approach. In keeping with international best practices for financial sector regulators our new bill also proposes to give the TTSEC the power to conduct routine on-site inspections and examinations whether or not there is a suspected breach of our Act.

ENFORCEMENT

Since all consumers have a right to information, the lack of information on the financial affairs of a company puts consumers at a disadvantage because they are unable to make informed decisions. Increasingly over the last year the TTSEC undertook enforcement action against market participants who breached the statutory reporting requirements. The Commission by the powers granted to it under the Securities Industry Act (SIA 1995) levied fines with a total value of TT\$3,296,086.50 against reporting issuers in respect of 171 contraventions in fiscal 2010.

EDUCATION

The right to education is enshrined in the Consumer Bill of Rights proclaimed by John F. Kennedy in 1962 and refers to “**the right to have access to programmes and information that helps consumers make better marketplace decisions at all times**”.

In our consumer protection mandate we include the provision of Investor Education to all investors and potential investors in Trinidad and Tobago. The aim of these programmes is to educate them about their rights and responsibilities when investing and to enable investors to make informed personal investment decisions. We teach them how to recognize and avoid the risks and pitfalls which may exist in the market in the form of scams and fraudulent investment schemes and how to complain when their rights are infringed.

The Trinidad and Tobago Securities and Exchange Commission remains committed to promoting polices and rules which would ensure that there is full disclosure and transparency in securities markets; where the provision of financial services is fair and equitable; where financial service providers meet people's expectations and provide services that are equivalent to what consumers are paying for and that all market participants abide by the rules and regulations governing their transactions.

INVESTOR TIPS: Make sound investment choices!

- You should do proper research into both the product and the seller before parting with your hard earned money.
- Any person selling investment products as well as the products that they sell **MUST** be registered with the TTSEC.
- Scams can be very convincing – If something sounds too good to be true it usually is!

A message brought to you by the Trinidad and Tobago Securities and Exchange Commission. Visit our website at www.ttsec.org.tt to learn more.

HAPPY WORLD CONSUMER RIGHTS DAY!



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