



A Guide to Financial Planning - Investing

Part 1 of a 5 part series

This is the first in a series of articles focusing on the Trinidad and Tobago Securities and Exchange Commission (SEC). It is geared towards providing investors with information that should be considered when making investment decisions. This first article focuses on the role and functions of the Trinidad and Tobago Securities and Exchange Commission.

Q. Why is there an SEC?



The Trinidad and Tobago Securities and Exchange Commission (SEC) is here to regulate the securities market in Trinidad and Tobago. The mission is to promote confidence, fairness and orderly growth of the Trinidad and Tobago securities market. This is facilitated through the development of rules for investor protection and information dissemination, and the adoption and enforcement of best practices in fairness, transparency and equity in securities market regulation. Investors represent the backbone of the securities industry and for this reason, the SEC provides them with the tools necessary to make informed decisions.

Q. What is a security?



A security is a generic term describing a transferable certificate of ownership in an investment product. It is essentially a contract that can be assigned a value and traded. Examples of securities include stocks, shares, units, mutual funds, bonds, debentures, treasury bills, certificates of participation, options and warrants.

Q. What is the securities market?



The securities market is where securities are bought and sold. The market facilitates the exchange of funds for securities between borrowers and lenders. Borrowers are able to raise capital by issuing securities to the public. Investors on the other hand willingly provide funds by investing in securities which offer attractive returns in the form of interest income, dividends and capital gains. Trading in stocks and shares now takes place electronically on the Trinidad and Tobago Stock Exchange (TTSE).

Q. What are the functions of the SEC?



The principal functions of the SEC are to:

- Advise the Minister of Finance on matters relating to the securities industry.
- Watch over the securities market and ensure open, fair and equitable dealing in securities.
- Register, authorize and regulate those who issue securities, as well as market participants such as brokers, dealers, traders and investment advisers to ensure that proper standards of conduct and professionalism are maintained.
- Protect the integrity of the securities market against any abuses.
- Create and promote such conditions in the securities market to ensure the orderly growth and development of the capital market.

The SEC is charged with the responsibility of ensuring that market participants comply with relevant legislation.

Q. How is the securities market regulated?



The SEC regulates the market by performing various functions including:

- Ensuring that there is sufficient disclosure of information to investors.
- Ensuring that security issuers provide sufficient and timely disclosure about themselves.
- Ensuring that all stakeholders adhere to a minimum standard for doing business.
- Registering self-regulatory organizations for example, stock exchanges and securities associations).
- Maintaining oversight of the market.
- Hearing and investigating complaints from aggrieved persons.
- Enforcing the penalties of the legislation.
- Conducting Investor Education programmes.



Your MONEY... Know It To GROW It!

For further information contact the SEC :
(868) 627-4861 ext: 1275 or visit the website at
www.ttsec.org.tt

In the next issue, we shall consider the following:

- The difference between investments and savings.
- Questions to ask yourself when considering investing..