

TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION



**POLICY GUIDELINE FOR REGISTRATION OF SECURITIES
COMPANIES AND BROKERS TO CONDUCT TRADING IN
TRINIDAD AND TOBAGO GOVERNMENT BONDS**

*Issued in accordance with Section 6(b)
of the Securities Industry Act 1995*



TABLE OF CONTENTS

BACKGROUND AND PURPOSE	3
PART II – THE GUIDELINES	4
1. DEFINITIONS	4
2. GSIs CURRENTLY REGISTERED AS SECURITIES COMPANIES UNDER THE SIA	4
3. GSIs NOT CURRENTLY REGISTERED AS SECURITIES COMPANIES UNDER THE SIA	4
4. THE 7 BROKERAGES CURRENTLY REGISTERED AS SECURITIES COMPANIES	5
5. CONDITIONS FOR REGISTRATION AS BROKER – GORTT BONDS	5
6. TRADERS IN GORTT BONDS	6
7. PERSON RESPONSIBLE FOR DISCHARGE OF OBLIGATIONS	6
8. FEES	6
9. GORTT BONDS	6
10. APPLICABILITY OF THE SIA’S PROVISIONS	6
SCHEDULE 1 - EXISTING GOVERNMENT SECURITIES INTERMEDIARIES	7
SCHEDULE 2 – EXISTING BROKERAGES	8
SCHEDULE 3 – SELECTED PROVISIONS OF THE SIA	9
Registration as a Broker pursuant to section 54	9
Registration as a Trader pursuant to Section 58	10
Registration as a Securities Company pursuant to Section 60	10



Part I - Background and Purpose

The Trinidad and Tobago Securities and Exchange Commission (“the Commission”) is mandated by the Securities Industry Act, 1995 (“the SIA”) to create and promote such conditions in the securities market as are necessary and appropriate for its orderly growth and development. To this end, the Central Bank of Trinidad and Tobago (“CBTT”) in conjunction with the Commission and the Trinidad and Tobago Stock Exchange (“TTSE”) is spearheading the development of facilities for the trading of Trinidad and Tobago Government Bonds (“GORTT Bonds”). Initially, the facility will be geared towards trading in GORTT Bonds through the TTSE. It is hoped that this will ultimately evolve into the trading of commercial and other bonds thereby resulting in a significant expansion of the stock market.

Against this backdrop, Government Bond Trading Rules have been formulated by the TTSE and submitted to the Commission for approval. Having regard to the development of trading in bonds and other fixed income securities, and pursuant to its power under section 6(i) of the Act to do all things which may be necessary, expedient or conducive to the discharge of any of its functions and powers under the Act, the Commission issues this policy guideline for registration of entities and persons who will be involved in such trading.



PART II – THE GUIDELINES

1. Definitions

In this policy guideline, unless otherwise provided for herein, words shall have the meaning assigned thereto in the SIA.

Government Securities Intermediary (“GSI”) means a financial institution approved by the CBTT to act as its counter party in the primary market, and to make a market in GORTT Bonds (see attached Schedule 1 for list of the ten (10) GSIs).

Market Structures include trading, clearance and settlement infrastructure

Securities Processes include trade execution, confirmation, allocation, clearance, settlement and reconciliation.

2. GSIs Currently Registered as Securities Companies under the SIA

- 2.1 Five (5) GSIs are currently registered as Securities Companies, pursuant to the SIA, to conduct various classes of business with the exception of broker. The classes of business of these 5 companies under their Securities Company registration are deemed by the Commission to be extended to include the business of Broker – GORTT Bonds (“Broker - GORTT Bonds”).
- 2.2 The expiry of the deemed registration of these GSIs will coincide with the expiry of their existing Securities Company registration when the annual renewal of their registration becomes due.

3. GSIs Not Currently Registered as Securities Companies under the SIA

The four (4) GSIs that are currently not registered as Securities Companies under the SIA will be new applicants for registration as Securities Companies to solely conduct the business of Broker – GORTT Bonds. These GSIs will be required to satisfy the eligibility criteria identified at Section 60 of the SIA and Guideline 5 herein.



4. The 7 Brokerages Currently Registered as Securities Companies

- 4.1 The 7 brokerages are deemed by the Commission to be registered as Securities Companies to conduct the business of Broker - GORTT Bonds (see Schedule 2 for list of brokerages).
- 4.2 An individual registered as a broker pursuant to section 54 of the SIA shall be designated by the Securities Company as responsible for the discharge of its obligations.
- 4.3 The Commission shall be notified in writing of such designation.

5. Conditions for Registration as Broker – GORTT Bonds

- 5.1 Prior to the initiation and conduct of trading in GORTT Bonds, all GSIs must have as a director, or in its full time employment, a broker registered pursuant to section 54 of the SIA, who also satisfies the conditions identified below.
- 5.2 In order to be eligible for registration as a Broker–GORTT Bonds, such applicant must have experience as evidenced by an aggregate of two years' active involvement in performance of the following:
 - (i) Liaising with existing clients and providing Investment Advice to clients;
 - (ii) Investment Analysis and dissemination of information;
 - (iii) Knowledge of valuation methodology, market structures, participants, securities processes and risks of the fixed income trading market;
 - (iv) Managing, advising, arranging or distributing primary or secondary debt instruments, or assisting therewith;
 - (v) Supervising or assisting with the preparation of prospectuses, information memoranda, presentations and research for these transactions.

The Commission may also consider any information in its knowledge or possession whether furnished by the applicant or not.



6. Traders in GORTT Bonds

Persons wishing to act as traders in GORTT Bonds are required to fulfil the requirements of, and be registered pursuant to, section 58 of the SIA.

7. Person Responsible for Discharge of Obligations

Where a Securities Company is registered to conduct the business of Broker - GORTT Bonds, an individual registered pursuant to section 54 of the SIA and Guideline 5 herein shall be responsible for the discharge of the obligations of the Securities Company in respect of trading in GORTT Bonds.

8. Fees

- 8.1 Registration of an individual as a Broker - GORTT Bonds, pursuant to Section 54 of the SIA and Guideline 5 herein, shall attract the applicable registration fee of \$5,000 pursuant to the Securities Industry (Amendment) By-Laws, 2006 (“the By-Laws”).
- 8.2 In the case of registration as a Securities Company to conduct business as a Broker - GORTT Bonds, the applicable registration fee of \$10,000 is payable pursuant to the By-Laws.

9. Government of Trinidad and Tobago Bonds

All GORTT Bonds currently in issue are deemed registered pursuant to the SIA.

10. Applicability of the SIA’s provisions

The provisions of the SIA will apply with particular reference to those in respect of suspension and revocation of registration, and market conduct and regulation of registrants.



SCHEDULE 1 - Existing Government Securities Intermediaries

1. ANSA Merchant Bank Limited
2. Caribbean Money Market Brokers Limited
3. Citicorp Merchant Bank Limited
4. First Citizens Bank Limited
5. Intercommercial Trust and Merchant Bank
6. Republic Finance and Merchant Bank Limited
7. RBTT Merchant Bank and Finance Company Limited
8. Scotiatrust and Merchant Bank (Trinidad and Tobago) Limited
9. FirstCaribbean International Banking and Financial Corporation Limited
10. Trinidad and Tobago Unit Trust Corporation



SCHEDULE 2 – Existing Brokerages (Securities Companies pursuant to the SIA)

1. AIC Securities Limited
2. Bourse Securities Limited
3. Caribbean Stockbrokers Limited
4. CMMB Securities Limited
5. Republic Securities Limited
6. West Indies Stockbrokers Limited
7. Dehring, Bunting & Golding Limited



SCHEDULE 3 – SELECTED PROVISIONS OF THE SIA

Registration as a Broker pursuant to section 54

- (1) Every application for registration as a broker shall be made to the Commission in the prescribed form and shall be accompanied by such fees as are prescribed.
- (2) Every applicant for registration as a broker shall-
 - (a) be of good character;
 - (b) not have had a bankruptcy order made against him which remains undischarged;
 - (c) not have interests direct or indirect which may conflict with or be likely to affect the conduct and integrity of his business as a broker;
 - (d) not be a person who has been suspended from dealing on or expelled from the Stock Exchange or any other securities exchange;
 - (e) be a person who-
 - (i) has been awarded a degree or professional qualification in economics, banking, law, accountancy, business administration or chartered secretaryship from a university or other educational institution recognized by the Commission;
 - (ii) has at least two years' experience of work as a trader or in some other capacity in which he was actively associated with and involved in the stockbroking activities of a member company or member firm of a securities exchange in any country within the Commonwealth or the United States of America; and
 - (iii) has such other qualification as the Commission may from time to time prescribe.
- (3) Whether or not the university or other educational institution from which the applicant has obtained any degree or professional qualification is recognized for the purposes of this section shall be within the discretion of the Commission.
- (4) Where an applicant wishes to be registered as a broker in-
 - (a) equity securities only, he shall have such minimum free capital as may be prescribed;



(b) equity securities and other securities, or, as the case may be, other securities only, he shall have such minimum free capital as may be prescribed.

(5) Subsection (4) does not apply to an applicant who is a director or officer of a securities company registered under Part VI.

Registration as a Trader pursuant to Section 58

(1) Every application for registration as a trader in securities shall be made to the Commission in the prescribed form and be accompanied by such fee as may be prescribed.

(2) Every such application shall be signed jointly by the applicant and by a broker of the securities company under whose direction and supervision it is proposed that the applicant operate as a trader.

(3) Section 54(2)(a) to (d) shall apply to all applications for registration as a trader in securities.

(4) The Commission may decline to register any person as a trader unless it is satisfied that he is a fit and proper person to be registered and may make such inquiries and may require the applicant and the broker who joins with him in making the application to produce such information as it may deem necessary for the purpose.

(5) The Commission may suspend or revoke the registration of a trader-

- (a) if his registration under this Act or the former Act was obtained by the concealment or misrepresentation of any fact which in the opinion of the Commission is material to his application for registration or to his suitability to be registered;

- (b) if his registration under this Act or the former Act had been made by mistake, whether the mistake was that of the trader himself or of the Commission or of the former Stock Exchange or of any other person;

- (c) if he is convicted of any offence involving fraud or dishonesty.

Registration as a Securities Company pursuant to Section 60

(1) Every application for registration as a securities company shall-

- (a) be made to the Commission in the prescribed form;



(b) clearly indicate the class or classes of business to be undertaken by the company; and

(c) be accompanied by such fees as are prescribed.

(2) Every applicant for registration as a securities company shall-

(a) be incorporated in Trinidad and Tobago or incorporated in any other Caricom Member State and registered in Trinidad and Tobago;

(b) not have a receiver or receiver manager appointed in respect of its undertaking;

(c) not have interests direct or indirect which may conflict with or be likely to affect the conduct and integrity of its business as a securities company;

(d) have the prescribed level of capitalization;

(e) have as a director or in its full time employment, a person registered as a broker under this Act or holding a degree or professional qualification in economics, banking, law, accountancy, business administration or chartered secretaryship from a university or other educational institution recognized by the Commission, or any other combination of qualifications and experience to the satisfaction of the Commission; and

(f) if it desires to carry on the business of trading in securities on behalf of others, have in its full time employment an individual who is registered as a broker.

(2A) Where a company is registered as a securities company, an individual described in subsection (2)(e) or, where appropriate, in subsection (2)(f), shall be responsible for the discharge of the obligations of the securities company in relation to each class of business for which it is registered.

(3) The Commission may suspend or revoke the registration of a securities company-

(a) if it fails to maintain the prescribed level of capitalization;

(b) if it defaults in any obligation undertaken in its capacity as a securities company;

(c) if a receiving order is made against it;

(d) if its registration was obtained by the concealment or misrepresentation of any fact which in the opinion of the Commission is material to its application for registration or to its suitability to be registered;

(e) if it is convicted of any offence involving fraud or dishonesty.

Trinidad and Tobago Securities & Exchange Commission

*Policy Guideline for Registration of Securities Companies and Brokers to Conduct Trading in
Trinidad And Tobago Government Bonds*

