



**TRINIDAD AND TOBAGO**  
**SECURITIES AND EXCHANGE COMMISSION**

*Guidelines for Listing of Companies with Constrained  
Share Ownership provisions on the  
Trinidad and Tobago Stock Exchange  
Issued pursuant to section 6(b) of the Securities Industry Act, 1995*

**These guidelines do not have the force of  
law and are not intended to have such effect.**

Companies with constrained share ownership provisions are entities which are governed by constitutive documents which impose limits on the number of shares which may be owned by a single shareholder. In most securities markets stock exchanges do not permit listings of entities with constrained share ownership provisions. In cases in which such restrictions are allowed they are permitted for specific purposes. Best practice with regard to listing of constrained share ownership companies indicates that levels of constraint should be predetermined and it should not be open to a stock exchange to permit listings of such companies on a case by case basis. Such limitations are normally fixed at a specified percentage.

At present, the Trinidad and Tobago the Stock Exchange (“the Exchange”) does not allow listings of companies with such restrictions unless they are state-owned. However, in recent times companies with constrained share ownership provisions in their constitutive documents have applied to be listed on the Exchange. The Exchange has indicated its desire to list companies with constrained share ownership provisions by notification of a proposed

amendment to Schedule 4– Code of Company Practice, Part A, Clause A.2 of the Stock Exchange Listing Requirements. This amendment was intended to permit the listing of companies with constrained share ownership provisions.

Notwithstanding the fact that the Commission refused approval of the proposed amendment to Schedule 4 – Code of Company Practice, Part A, Clause A.2 of the Stock Exchange Listing Requirements, the Commission undertook (i) to consider interrelated broader policy and governance issues and (ii) issue guidelines on the listing of companies with constrained share ownership provisions.

These Guidelines are issued pursuant to Section 6(b) of the Securities Industry Act, 1995. They are intended to provide guidance with respect to the listing of companies with constrained share ownership provisions in their Articles of Incorporation, Articles of Continuance or other constitutive documents. The Guidelines are intended to facilitate increased opportunities for new listings on the Exchange while the legal/regulatory framework continues to be upgraded to be in accordance with international best practice.

The Commission advises that at this time it cannot issue guidelines with respect to state-divested companies with constrained share ownership provisions and which are currently listed on the Exchange as issues of national economic policy are involved. However, the Commission will consult with the Central Government on the formulation of a policy for state-divested companies.

**The Commission’s Guidelines on the listing of constrained share ownership companies are listed below:**

The Commission is of the view that companies seeking to be listed on the Exchange should not have provisions which constrain share ownership. However, the Commission recognizes that the peculiar characteristics of the local securities market may necessitate companies to be listed with constrained share ownership provisions and in that event the Commission advises that the following guidelines should be applicable:

A. General Guidelines for listing of companies with constrained share ownership provisions.

1. Constrained share ownership provisions should be effective for a determinate period not exceeding 5 years from the date of listing. At the expiration of the determinate period, a company may maintain a listing with constrained share ownership provisions only if it seeks and obtains the approval of its shareholders and the Exchange. Such approval should be granted for a further period not exceeding two years. Thereafter, the company should only continue to be listed if the constrained share ownership provisions are removed.
2. A prerequisite of the listing of companies with constrained share ownership provisions should be the approval of shareholders of the company in general meeting of the specific provisions in the entities' constitutive documents. Such approval should be by means of special resolution.
3. With the exception of demutualised entities, companies applying to be listed on the Exchange may be allowed constraints on ownership that limit a single shareholder to owning a maximum of 20% of the shares of the company.

B. Demutualised Entities

1. Demutualised entities may not have had a wide body of shareholders when their constitutive documents were filed. Such entities may be admitted to listing with constrained share ownership provisions which limit any single shareholder to owning a maximum of 5% of the outstanding shares of the company. Such entities should seek the approval of shareholders by special resolution in general meeting for the retention of constrained share ownership provisions within two years of listing.

2. As with other constrained share ownership companies, demutualised entities may retain their constrained share ownership provisions for a determinate period subject to maximum of five years from listing. At the expiration of the determinate period, a demutualised entity may maintain a listing with constrained share ownership provisions only if it seeks and obtains the approval of its shareholders and the Exchange. Such approval should be granted for a further period not exceeding two years. Thereafter, the entity should continue to be listed only if the constrained share ownership provisions are completely removed.

C. Existing Listed Companies without Constrained Share Ownership Provisions

Companies which are already listed on the Exchange without constrained share ownership provisions should not be allowed to amend their constitutive documents to include constrained share ownership provisions.

March 1, 2004.