



The Trinidad and Tobago Securities and Exchange Commission

Appropriate Regulatory Systems for Collective Investment Schemes in Trinidad and Tobago

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Background

- Significant growth in the industry
- Dispersed regulation
- TTSEC study of 2005
- Guidelines
- Market consultations

Key Features

- Initial registration
- Nomenclature
- Conflicts of Interest
- Investment Restrictions
- Fundamental Changes
- Financial Reporting

Initial Registration

- A prospectus for distribution together with documentary evidence demonstrating that an investment of at least five million dollars in the securities of the collective investment scheme has been made.

Nomenclature

- No collective investment scheme shall have a name that is misleading or conflicts with the type of collective investment scheme by which it is best characterized.

Conflicts of Interest

- The manager of a collective investment scheme shall not act as a trustee or as a custodian of the collective investment scheme.

Investment Restrictions

- Concentration restriction
 - No more than ten percent of net assets
- Control restriction
 - No more than ten percent of the votes
- Illiquid securities
 - No more than ten percent of portfolio assets
- Borrowing restrictions
 - None unless it is temporary, for redemption and only up to five percent of portfolio assets

Fundamental changes

- Prior approval of the investors is required before any of the following changes take effect:
 - Investment objective
 - Auditor
 - Manager
 - NAV calculation
 - Fees

Financial Reporting

- File with the Commission and publish, within 120 days of its financial year end, audited annual comparative financial statements.
- File with the Commission, within 15 days of the end of each month of its operation, a Volume Report showing the Activity in Trinidad and Tobago.

Conclusion

- Final market consultation next month
- The Guidelines/By-Law will always be subject to changes as the market develops