

**TRINIDAD AND TOBAGO
SECURITIES AND EXCHANGE COMMISSION**



STATEMENT OF
BEST DISCLOSURE PRACTICES
REGARDING THE DISSEMINATION
OF PRICE SENSITIVE INFORMATION

PART I
GENERAL

- 1. PUBLIC DISCLOSURE BY LISTED COMPANIES/REPORTING ISSUERS**
- 1.1 Public disclosure may be satisfied by releasing the information through the news media, or by means of some non-exclusionary method of disclosure designed to provide broad public disclosure, such as announcements at a conference of which the public had notice and to which the public was granted access. It should be noted that the Issuer's website can be an important component of an effective disclosure process; however it will not be considered a sufficient method of providing required public disclosure. The Commission is of the view that disclosure by means of a paid announcement (press release) is the most satisfactory method of public disclosure. Such press releases must be authorized by a senior officer whose name or position or both must be included at the foot of the document, together with the date of release of such information.

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2. WRITTEN DISCLOSURE POLICY

2.1 The disclosure policy should be documented. A disclosure policy facilitates the process for disclosure and promotes an understanding of legal requirements among directors, officers and employees. The policy that is designed should be practical to implement. The policy should be reviewed and approved by the board of directors and the policy document widely distributed to officers and employees. Directors, officers and employees should also be trained so that they understand and can apply the disclosure policy. The policy should be periodically reviewed and updated as necessary, and responsibility for these functions (i.e., review and update of the policy and education of employees and company officials) should be clearly assigned within the company.

3. DISCLOSURE RULES

3.1 The focus of the disclosure policy should be on promoting consistent disclosure practices aimed at informative, timely and broadly disseminated disclosure of material information to the market. A listed company's disclosure policy should at a minimum be guided by the following:

- a) Information should not be disclosed to selected individuals or groups of individuals;
- b) Information that may be considered adverse to the company must be disclosed as promptly and completely as favourable information;
- c) Disclosure must be updated when earlier information is made misleading as a result of subsequent events;
- d) If material information is to be announced at a shareholders' meeting or at a press conference, the general public must be made aware of this by means of a press release;
- e) Disclosure must include any information the omission of which would make the rest of the disclosure misleading.



- 3.2 Every disclosure policy should generally include the following:
- a) how to decide what information is price sensitive;
 - b) policy on reviewing analysts/ broker reports;
 - c) how to release earnings announcements and conduct related analyst conference calls and meetings;
 - d) how to conduct meetings with investors and the media;
 - e) what to say and what not to say publicly, including at conferences and seminars;
 - f) how to use electronic media and the corporate web site;
 - g) policy on the use of forecasts and other forward-looking information (including a policy regarding issuing/updating such information);
 - h) procedures for briefing and discussion with analysts, institutional investors and other market professionals;
 - i) how to deal with unintentional selective disclosures;
 - j) how to respond to market rumours;
 - k) policy on trading restrictions.

4. RESPONSIBILITY FOR DISCLOSURE POLICY

- 4.1 A committee of company personnel or a senior officer should be assigned responsibility for:
- a) developing and implementing the disclosure policy;
 - b) monitoring the effectiveness of and compliance with the disclosure policy;
 - c) educating directors, officers and employees about disclosure issues and disclosure policy;
 - d) reviewing and authorizing disclosure (including electronic, written and oral disclosure) in advance of its public release; and
 - e) monitoring the web site.



5. AUTHORIZING COMPANY SPOKESPERSONS

- 5.1 Having one or more company spokespersons assists in reducing the risk of:
- a) unauthorized disclosures;
 - b) inconsistent statements by different people in the company; and
 - c) statements that are inconsistent with the public disclosure record of the company.
- 5.2 The issuer should designate and identify employees who are responsible for communicating information to analysts, the news media, investors, and other sectors of the public. Ideally, the spokesperson(s) should be a member or members of senior management. Company spokespersons must be familiar with the law and policies applicable to disclosure of price sensitive information. Spokespersons should also be knowledgeable about the company's disclosure record and aware of analysts' reports relating to the company.
- 5.3 Other employees should be prohibited from communicating information about the company. Everyone in the company should know who the company spokespersons are and refer all inquiries from analysts, investors and the media to them. The company may also find it helpful to provide the names of employees so designated, to analysts and the news media.

6. DISCLOSURE RECORDS

- 6.1 The company should maintain comprehensive records containing all public information about the company itself. The records would include, for example, news releases, brokerage research and analyst reports, other company reports in the press and details of debriefings following analyst contacts. These will assist the company in identifying information already in the public domain and determining what type of information the market might consider to be "price sensitive".



7. DISCLOSURE SHOULD BE FACTUAL AND BALANCED

7.1 Announcements of material changes should be factual and balanced. Unfavourable news must be disclosed just as promptly and completely as favourable news. An Issuer's press release should contain enough detail to enable the media and investors to understand the substance and importance of the change disclosed. The release should not include unnecessary details, exaggerated reports or promotional commentary.

8. NOTIFICATION TO STOCK EXCHANGES

8.1 Most listed companies operating in Trinidad and Tobago are listed only on the Trinidad and Tobago Stock Exchange and will therefore have reporting obligations only to that exchange. However, entities which are listed on other exchanges may have disclosure obligations to those exchanges with regard to price sensitive information. Prior notice of a press release regarding price sensitive information must be provided to the relevant Stock Exchanges in order to facilitate a determination as to whether a halt in trading may be necessary to allow the market to assimilate the news. A copy of the press release must be filed with the relevant Stock Exchanges and Securities Commissions.

9. ISSUER LISTED ON MORE THAN ONE EXCHANGE

9.1 If the securities of an Issuer are listed on more than one stock exchange, the Issuer should co-ordinate the release of information so that the relevant Exchanges are simultaneously informed of any information released and such information is released to each of the markets at the same time.

10. INSIDER TRADING POLICIES AND BLACKOUT PERIODS

10.1 The issuer should adopt an Insider Trading policy that provides for a senior officer to approve and monitor the trading activity of all of employees of the Issuer. An insider trading policy should prohibit purchases and sales by insiders when such



persons are in possession of price sensitive information. The policy should also provide for trading “blackout periods” during which periods employees must not be allowed to trade (for example, during a specified number of weeks or months immediately prior and subsequent to scheduled earnings announcements).

PART II

SELECTED ISSUES

11. COMMUNICATING WITH ANALYSTS

- 11.1 Company officials should meet before an analyst conference call, private analyst meeting or industry conference. Where practical, statements and responses to anticipated questions should be scripted in advance and reviewed by the appropriate people within the company. Scripting will help to identify any material corporate information that may need to be publicly disclosed through a news release.
- 11.2 When confirming information previously made public, a company needs to consider whether the selective confirmation itself communicates information over and above the initial disclosure and whether the additional information is price sensitive. This will depend in large part on how much time has passed between the original statement and the company's confirmation, as well as the timing of the two statements relative to the end of the company's fiscal period.
- 11.3 Detailed records and/or transcripts of any conference call, meeting or industry conference should be kept. These should be reviewed to determine whether any unintentional selective disclosure has occurred. If such has occurred, immediate steps should be taken to ensure that a full public announcement is made, including contacting the relevant Stock Exchanges and asking that trading be halted pending the issuance of a news release. Companies may also consider opening up such



meetings to the press and the public, or announcing in advance the fact of the analysts' meeting.

- 11.4 The Commission recommends that brokers, analysts, institutional investors and other market professionals adopt internal review procedures to help them identify situations where they may have received price sensitive information and set up guidelines for dealing with such situations.

12. ELECTRONIC COMMUNICATIONS

- 12.1 An Issuer should select a team of persons responsible for creating and maintaining the company's web site. The web site should be kept up-to-date and accurate. All material information should be dated when it is posted or modified. Outdated information should be transferred to an archive. Archiving allows the public to continue accessing information that may have historical or other value even though it is no longer current. An explanation of how the web site is set up and maintained should also be provided. It should be noted however that posting price sensitive information on the website is not acceptable as the sole means of satisfying legal requirements of "generally known" information.
- 12.2 Current technology should be used to improve investor access to information. All supplemental information provided to analysts, institutional investors and other market professionals should be posted on the Investor Relations section of the company's web site. This would include data books, fact sheets, slides of investor presentations and other materials distributed at analyst or industry presentations.

13. FORWARD-LOOKING STATEMENTS

- 13.1 Any forward-looking statement (forecast), such as expected revenues, net income, earnings per share and research and development spending, which is to be released



to the public should be based on reasonable assumptions. When making forecasts, companies should state:

- a) the statement is forward-looking;
- b) the factors that could cause results to differ materially from the forecast; and
- c) the material factors or assumptions that were used in making the forecast.

13.2 If a company has made a public forecast and subsequently becomes aware that any of the assumptions upon which the forecast is based may not be correct or that the outcomes will be materially different from the forecast figure, an announcement should be made as soon as possible. In such an announcement, the company should state the likely impact of the incorrect assumption on the profit forecast, the extent to which any intervening event will affect the profit, or how the actual outcome will differ from the original forecast.

14. PROFIT WARNING STATEMENT

14.1 Where a company becomes aware that its results may be significantly worse than the generally accepted market expectation, the company should publish an announcement “warning” investors of such and the likely impact.

15. CONFIDENTIALITY AGREEMENTS

15.1 Except where a person connected to an Issuer discloses price sensitive information for the proper performance of the functions attaching to his position, a person who discloses such information to another person, with or without a confidentiality agreement, may be in breach of the ‘insider trading’ provisions of the Securities Industry Act, 1995.



15.2 The Commission notes that at certain times, Issuers may need to give information in confidence to, for example, prospective financiers, potential business partners, underwriters or other parties with whom they are negotiating. Before a meeting at which price sensitive information is to be given, a procedure should be established to ensure that confidentiality is maintained, unless the relationship with the participants is automatically one of confidentiality. The relevant party should be told that, if he attends the meeting, he must keep the relevant information strictly confidential and that he will not be able to deal in the Issuer's securities before the information is made public. He should give consent to being made an "insider" and this should be recorded. No one should be made an insider without his consent or for longer than is necessary.

16. HANDLING RUMOURS

16.1 Adopt a "no comment" policy with respect to market rumours and make sure that the policy is applied consistently. An inappropriate response to a rumour may constitute "tipping". Where trading in a company's securities appears to be heavily influenced by rumours, the Issuer may be required by the relevant Stock Exchanges to make a clarifying statement.

16.2 If price sensitive information has been leaked and appears to be affecting trading activity in the company's securities, steps should be taken immediately to ensure that a full public announcement is made. These would include contacting the Stock Exchanges and asking that trading be halted pending the issuance of a news release.



**PART III
REVIEW OF POLICY**

17. REVIEW, COMPLIANCE AND ENFORCEMENT OF POLICIES

17.1 Periodic reviews, including analysis of any leaks, will reveal the strengths and weaknesses of an Issuer's policies as well as how they are being applied. Based on the results of the review, the Issuer may revise the policies or re-educate its employees as necessary.

17.2 An Issuer should regularly remind its directors, officers and other employees of the content of its disclosure policies and of the importance of same. The policy should include a statement of the consequences of violation of said policy, and consequences of non-compliance with the policy, including a statement that if the Issuer discovers that an employee has violated the law, it will refer the matter to the Trinidad and Tobago Securities and Exchange Commission.

17.3 The policy should also provide that disciplinary action would be taken against any person who violated the policy, and that such a violation could result in termination of employment.

NB: *The Trinidad and Tobago Securities and Exchange Commission advises that this document is issued only as a guide and is not meant to assist in the interpretation of securities legislation. Issuers should therefore obtain the advice of their Attorneys-at-Law to ensure that the policies they implement are appropriate to their specific circumstances.*

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