



**TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE COMMISSION**

**IN THE MATTER OF**

**THE SECURITIES INDUSTRY ACT, 1995**

**AND**

**AMENDMENTS TO THE RULES OF THE TRINIDAD AND TOBAGO STOCK  
EXCHANGE LIMITED**

**NOTICE**

**TAKE NOTICE that** on the 19<sup>th</sup> day of November 2008 the Trinidad and Tobago Stock Exchange Limited (“the Stock Exchange”) deemed to be duly registered as a Self-Regulatory Organization under section 34 of the Securities Industry Act, 1995 (“the SIA”) filed with the Trinidad and Tobago Securities and Exchange Commission (“the Commission”) a proposal of its new rules together with a concise statement of substance and purpose of the proposed rules for the approval of the Commission pursuant to section 40 of the SIA;

## **STATEMENT OF SUBSTANCE AND PURPOSE**

### **LISTED COMPANIES DISCLOSURE REGIME**

**AIM:** This proposal sets policy for timely disclosure of financial information by listed companies of the exchange.

#### **PROPOSED NEW RULES**

The proposed new rules will be included in the Stock Exchange Rules under Section 6 – Listed Companies Disclosure Regime and will stipulate the following items:-

- Quarterly Financial Statements - 600
- Audited Annual Financial Statements - 601
- Annual Report - 602
- Communication of Announcements - 603
- Reports on Trading by Directors and Senior Management – 604
- Policy Statement on Timely Disclosure - 605

#### **STATEMENT OF SUBSTANCE AND PURPOSE**

The current arrangement for quarterly disclosure of information is based on moral suasion and the proposal is aimed at formalizing this requirement into the official Stock Exchange Rules. The new rules reflect the fundamental principle that all persons investing in securities listed on the exchange have equal access to information that may affect their investment decisions.

#### **Financial Statements**

##### **600 Quarterly Financial Statements**

Every listed company shall submit to the Trinidad and Tobago Stock Exchange (TTSE) *two (2) hard copies and one (1) electronic copy* of their Quarterly Financial statements at intervals not exceeding three (3) months and within forty-five (45) days of the end of the period to which the statements relate. The

financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and recommendations by the Institute of Chartered Accountants of Trinidad and Tobago (ICATT). Any supplementary information, which in the opinion of the Directors is necessary for a reasonable appreciation of the results of the quarter, should be included.

Additionally, shareholdings of Directors and Senior Management and their connected persons and the shareholdings of those persons holding the ten (10) largest blocks of shares must be included in the report.

All Quarterly Financial Statements shall be approved by the company's Board of Directors and signed by two (2) or more Directors of the company and should state whether or not they are audited.

A company that is unable to submit in a timely manner to the TTSE, Quarterly Financial Statements within the prescribed intervals must notify the TTSE where it can be foreseen, that there is the probability of a delay, the circumstances and the probable extent of the delay.

The company should simultaneously place an advertisement in the print media advising shareholders of the delay.

Listed Companies are required to file quarterly results for the first three (3) quarters of the fiscal period within forty-five (45) days of the end of the period. Additionally all quarterly results must be published in one of the three leading daily newspapers.

## **601 Audited Annual Financial Statements**

Immediately after the relevant board meeting has been held and within ninety (90) days of the company's financial year-end, every listed company shall submit to the Stock Exchange one (1) *hard copy* and (1) *electronic copy* of the Audited Annual Financial Statements.

The financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and recommendations by the Institute of Chartered Accountants of Trinidad and Tobago (ICATT), items (i) (ii) and (iii) are also applicable

- i. Any supplementary information, which in the opinion of the Directors is necessary for a reasonable appreciation of the results.
- ii. Shareholdings of Directors and Senior Management and their connected persons and the shareholdings of those persons holding ten (10) largest blocks of shares.
- iii. All Annual Financial Statements shall have been approved by the company's Board of Directors and signed by two (2) or more directors of the company.

A company that is unable to submit in a timely manner to the TTSE its Audited Annual Financial Statements within the prescribed intervals must notify the TTSE where it can be foreseen that there is the probability of the delay, the circumstances and the probable extent of the delay. The company should also simultaneously place an advertisement in the print media, advising Shareholders of the delay.

A definition of "Connected Person" is provided below in respect of Rule 600 and 601:

*"Connected Persons" means persons deemed to be connected with a Director /Senior Manager viz:*

- a. The Director's /Senior Manager's husband or wife*
- b. The Director's /Senior Manager's minor children (These include step children and adopted children and dependents and their spouses*
- c. The Director's /Senior Manager's /Partners*
- d. Bodies corporate of which the Director /Senior Manager's and/or persons connected with him together have control*

## **602 Annual Report**

Within one-hundred-and-twenty(120) days of the company's financial year-end, a printed copy of the company's Annual Report and Financial Statements, which shall include the shareholdings of directors and senior management and their connected persons, shall be forwarded to each of the company's

share/stockholders and six (6) printed copies and *(one) electronic copy* forwarded to the Stock Exchange.

## **Other Requirements**

### **603 Communication of Announcements**

Prior to or concurrently with any public announcement, every listed company shall submit to the Exchange notification of all dividends, profits, issues, expansion programmes and any other changes including any information necessary to enable share/stockholders to appraise the position of the company and to avoid the establishment of a false market in the company's securities.

It is appreciated that it is impossible to ensure that all shareholders and everyone interested in the securities of a company obtain the information simultaneously but a company can ensure that as large a proportion as possible have the information so that no transaction takes place in which one party or his agent is in possession of information of which another is not.

The company is required to give notice to the Stock Exchange of:

- a. immediately after the relevant Board meeting has been held,
  - (i) all dividends, capitalisation or rights issues recommended or declared or any decision to postpone or omit any dividend or interest payment, and;
  - (ii) profit figures and issues, and;
- b. immediately after the relevant Board meeting, at which a decision has been taken, any intention to increase its Authorised Share Capital. In all such cases the Directors must state in the explanatory circular or other document accompanying the notice of meeting whether or not there is any present intention of issuing any part thereof and, if the increase is 25% or more of the existing Authorised Share Capital, must give an undertaking that the increased capital will not be issued as to change the control (or nature) of the business without the prior approval of the shareholders in general meeting.

Information should be communicated to the Stock Exchange directly and not through an agency or third party.

The timing of Board Meetings is of course a matter for the convenience and judgment of individual Boards, but it is recommended that important decisions, dividends, profits and other matters should if possible, be taken and communicated to the Exchange before 3 p.m. on the day of the meeting.

It is of course appreciated that in some cases, particularly when announcements have to be made simultaneously in Trinidad and in centres overseas, the time factor is all-important and special arrangements as to the time and method of release must be made.

#### **604 Reports on Trading by Directors & Senior Management**

All trades done by Directors and Senior Management of a listed Company must be reported to the Stock Exchange, by the Company Secretary or other relevant Company official, within three (3) business days after the transaction.

#### **605 Policy Statement on Timely Disclosure**

##### **A. Introduction**

The Trinidad and Tobago Stock Exchange's (the Exchange) Policy Statement on Timely Disclosure reflects the fundamental principle that all persons investing in securities listed on the Exchange have equal access to information that may affect their investment decisions. Public confidence in the integrity of the Exchange as a securities market requires timely disclosure of "material information" concerning the business and affairs of companies listed on the Exchange, thereby placing all participants in the market on an equal footing.

The requirements of the Exchange are in addition to any applicable statutory requirements. The Exchange enforces its own requirements. All companies whose securities are listed on the Exchange are obliged to comply with the provisions on timely disclosure as provided herewith.

##### **B. Material Information**

Material information is any information relating to the business and affairs of the company that results in or would reasonably be expected to result in a significant change in the market price or value of any of the company's listed securities. Material information consists of both material facts and material changes relating

to the business and affairs of a listed company. In addition to material information, trading on the Exchange is sometimes affected by the existence of rumours and speculation. Where this is the case, the Exchange may require that an announcement be made by the company whether such rumours and speculation are factual or not.

It is the responsibility of each listed company to determine what information is material in the context of the company's own affairs. The materiality of information varies from one company to another according to the size of its profits, assets and capitalization, the nature of its operations and many other factors. An event that is "significant" or major in the context of a smaller company's business and affairs is often not material to a large company. The company itself is in the best position to apply the definition of material information to its own circumstances. The Exchange recognises that decisions on disclosure require careful objective judgments and encourages listed companies to consult the management of the Exchange when in doubt as to whether disclosure should be made.

#### **C. Immediate Disclosure**

A listed company is required to disclose material information concerning its business and affairs forthwith upon the information becoming known to management, or in the case of information previously known forthwith upon it becoming apparent that the information is material. Immediate release of information is necessary to ensure that it is promptly available to investors and to reduce the risk of persons with access to the information from acting upon undisclosed information. Unusual trading marked by significant changes in the price or trading volumes of any of a company's securities prior to the announcement of material information is embarrassing to company management and damaging to the reputation of the securities market since the investing public may assume that certain persons benefitted from access to material information which was not generally disclosed.

#### **D. Development to be Disclosed**

Companies are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development will have or has had a direct effect on their business and affairs that is both material in the sense outlined above and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, companies are urged, where practical, to explain the particular impact on them. For example, a change in government policy that affects most companies in a particular industry does not require an announcement, but if it affects only one

or a few companies in a material way, an announcement should be made.

The market price of a company's securities may be affected by factors directly relating to the securities themselves as well as by information concerning the company's business and affairs. For example, changes in a company's issued capital, stock splits, redemptions and dividend decisions may all impact upon the market price of a security.

Other actual or proposed developments that are likely to give rise to material information and thus to require prompt disclosure include, but are not limited to, those listed below. Of course, any development must be material according to the definition of material information before disclosure is required. Many developments must be disclosed at the proposed stage or before an event actually occurs, if the proposal gives rise to material information at that stage. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been made to proceed with it by the Board of Directors of the company or by senior management with the expectation of concurrence from the Board of Directors.

1. Changes in share ownership that may affect control of the company
2. Changes in corporate structure, such as reorganizations, amalgamation, etc.
3. Take-over bids
4. Major corporate acquisitions or dispositions
5. Change in capital structure
6. Borrowing of a significant amount of funds
7. Public or private sale of additional securities
8. Development of new products and developments affecting the company's resources, technology, products or market
9. Entering into or loss of significant contracts
10. Changes in capital investments plans or corporate objectives
11. Significant changes in management
12. Firm evidence of significant increases or decreases in near-term earning prospects



13. Significant litigation
14. Major labour disputes or disputes with major contractors or suppliers
15. Any other developments relating to the business and affairs of the company that would reasonably be expected to significantly affect the market price or value of any of the company's securities or that would reasonably be expected to have significant influence on a reasonable investor's investment decisions.

Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as the next fiscal quarter, this fact must be disclosed. Forecasts should not be provided on a selective basis to certain investors not involved in the management of the affairs of the company. If disclosed, they should be generally disclosed.

#### **E. Rumours**

Unusual market activity is often caused by the presence of rumours. The Exchange recognises that it is impractical to expect management to be aware of, and comment on, all rumours, but when market activity indicates that trading is being unduly influenced by rumour the Exchange will request that a clarifying statement be made by the company. Prompt clarification or denial of rumours through a news release is the most effective manner of rectifying such a situation.

#### **F. Content of Announcements**

Announcements of material information should be factual and balanced neither over-emphasizing favourable news nor underemphasizing unfavourable news. Unfavourable news must be disclosed just as promptly and completely as favourable news. It is appreciated that news releases may not be able to contain all the details that would be included in a prospectus or similar document. However, news releases should contain sufficient detail to enable media personnel and investors to appreciate the true substance and importance of the information so that investors may make informed investment decisions. The guiding principle should be to communicate clearly and accurately the nature of information, without including unnecessary details, exaggerated reports or editorial commentary designed to colour the investment community's perception of the

announcement one way or another.

## **G. Confidentiality**

### **(When information may be kept confidential)**

In restricted circumstances disclosure of material information concerning the business and affairs of a listed company may be delayed and kept confidential temporarily where immediate release of the information would be unduly detrimental to the interest of the company. Examples of instances in which disclosure might be unduly detrimental to the company's interest are as follows:

1. Release of the information would prejudice the ability of the company to pursue specific and limited objectives or to complete a transaction or series of transactions that are underway. For example, premature disclosure of the fact that a company intends to purchase a significant asset may increase the cost of making the acquisition.
2. Disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them. Such information may be kept confidential if the company is of the opinion that the detriment to it resulting from disclosure would outweigh the detriment to the market in not having access to the information. A decision to release a new product, or details on the features of a new product, may be withheld for competitive reasons. Such information should not be withheld if it is available to competitors from other sources.
3. Disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. If it seems that the situation is going to stabilize within a short period, public disclosure may be delayed until a definitive announcement can be made. Disclosure should be made once "concrete information" is available, such as a final decision to proceed with the transaction or, at a later point in time, finalisation of the terms of the transaction.

It is the policy of the Exchange that the withholding of material information on the basis that disclosure would be unduly detrimental to the company's interests must be infrequent and can duly be justified where the potential harm to the company or to investors caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure,

keeping in mind at all times the considerations that have given rise to the Exchange's immediate disclosure policy. While recognising that there must be trade-off between the legitimate interests of a company in maintaining secrecy and the right of the investing public to disclosure of corporate information the Exchange discourages delaying disclosure for a lengthy period of time since it is unlikely that confidentiality can be maintained beyond the short term.

**AND FURTHER TAKE NOTICE** that the Commission is inviting any interested persons to submit written comments on the new rules no later than **March 31, 2009** to the General Manager of the Trinidad and Tobago Securities and Exchange Commission, Nos. 57-59 Dundonald Street, Port of Spain.

**Dated this 25<sup>th</sup> day of February, 2009**

**Charles de Silva  
General Manager (Ag)  
Trinidad and Tobago Securities  
and Exchange Commission**