



**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 9<sup>th</sup> day of September 2009 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 RULE**

The proposed new rule will be included in the Stock Exchange Rules under Section 6 – Listed Companies Disclosure Regime and include 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 Officer – 604
- Appendix: Guidelines on Timely Disclosure

**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 will reflect the fundamental principle that all persons investing in securities listed on the TTSE should have equal timely access to information that may affect their investment decisions.

**INTERPRETATIONS**

*“affiliate”* includes -

- (a) a business relationship where -
  - (i) one body corporate is a subsidiary of another body corporate;
  - (ii) two or more bodies corporate are subsidiaries of the same body corporate;
  - (iii) two or more bodies corporate are controlled by the same person; or
  - (iv) two bodies corporate are affiliated with the same body corporate at the same time;
- (b) a body corporate is the holding body corporate of another if that other body corporate is its subsidiary; and
- (c) a person that is not a body corporate or an individual is considered to be an affiliated person of another person, including a body corporate, if it is controlled by that other, provided that a person is controlled by another person if,

- (i) in the case of a partnership, the second-mentioned person owns or holds more than fifty percent of the interest in the partnership; and
- (ii) in the case of the first-mentioned person other than a body corporate, an individual, or a partnership, securities of the first-mentioned person carrying more than fifty percent of the interests in such person, are held or owned, by or for the benefit of the second-mentioned person.

***connected persons -***

“For purposes of these Rules a person is connected to a reporting issuer if –

- (a) the person is a director or senior officer of the reporting issuer;
- (b) the person is a director or senior officer of -
  - (i) an affiliate of the reporting issuer, or
  - (ii) any person who beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the reporting issuer, or a combination of both, carrying more than ten percent of the votes attached to all voting securities of the reporting issuer outstanding;
- (c) the person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the reporting issuer, or a combination of both, carrying more than ten percent of the votes attached to all voting securities of the reporting issuer outstanding;
- (d) the person is contemplating or proposing, whether alone or with any other person, to make a take-over bid for any securities of the reporting issuer, or is contemplating or proposing, whether alone or with any other person, to become a party to any amalgamation, merger or similar business combination with the reporting issuer, or is contemplating or proposing any other material transaction with or including the reporting issuer;
- (e) the person is engaging in or is proposing to engage in any business or professional activity with or on behalf of the reporting issuer or any person identified in paragraph (d), or is an employee of any such person or of the reporting issuer or any affiliate;
- (f) the person learns, directly or indirectly, of unpublished price sensitive information with respect to a reporting issuer from any person, and knows, or ought reasonably to have known, that the other person is connected to the reporting issuer; or
- (g) the person is an expert retained or hired by -
  - (i) a reporting issuer; or
  - (ii) a person within the meaning of paragraph (d) above.”

“***control***” or “***controlled***” in relation to an issuer means the power of a person, or persons acting jointly or in concert, by virtue of the holding of securities of the issuer, or by virtue of any agreement, arrangement, commitment or understanding with any person or persons, to direct that the business and affairs of the issuer be conducted in accordance with the wishes of such person or persons

**“director”** where used in relation to a person means a director of a company or a person acting in a similar capacity, including the trustees of a trust;

**“financial reporting standards”** means IFRS or such other financial or accounting standards as may be prescribed;

**“IFRS”** means International Financial Reporting Standards adopted by the International Accounting Standards Board and applied in Trinidad and Tobago as the same may be supplemented, amended, or replaced from time to time;

**“issuer”** means a person that has securities outstanding or issues, or proposes to issue or distribute, a security;

**“material change”** means a change in the business, operations, assets or ownership of an issuer the disclosure of which would be likely to be considered important to a reasonable investor in making an investment decision and includes a decision to implement such a change made by the directors of the issuer;

**“material fact”** means, if used in relation to the affairs of an issuer or its securities, a fact or a series of facts the disclosure of which would be likely to be considered important to a reasonable investor in making an investment decision;

**“material information”** any information impacting the operations of the business which would be likely to be considered important to a reasonable investor in making an investment decision; Material information consists of both material facts and material changes relating to the business and affairs of a listed company.

**“senior officer”** means –

- a. the chairman or vice-chairman of the board of directors of an issuer, the managing director, the chief executive officer, the deputy managing director, the president, the vice-president, the secretary, the treasurer, the chief financial officer, the financial controller, the general manager or the deputy general manager of an issuer or any other individual who performs functions for an issuer similar to those normally performed by an individual occupying any such office; and
- b. each of the five highest paid employees of an issuer, including any individual referred to in paragraph (a);

**“Stock Exchange”** means the Trinidad and Tobago Stock Exchange Limited;

**“undisclosed price sensitive information”**, in relation to securities of a reporting issuer, refers to any material fact or material change that has not been generally disclosed.

## Financial Statements

### 600 Quarterly Financial Statements

1. 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 for the first three (3) quarters of the financial year within forty-five (45) days of the end of the period to which the statements relate.
2. 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).
3. Shareholdings of Directors and Senior Officers and their connected persons as well as the shareholdings of those persons holding the ten (10) largest blocks of shares shall be included in the report.
4. 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.
5. The results shall be simultaneously published in one of the leading daily newspapers at the time of submission.
6. A company that is unable to submit Quarterly Financial Statements to the Exchange in a timely manner and within the prescribed intervals must notify the Exchange at least ten business days prior to the due date, that there is the probability of a delay, advising of the circumstances and the probable extent of the delay.
7. Any delay would be broadcast to the market by the print media in a leading daily newspaper, and the company shall simultaneously place an advertisement in the in the same manner advising shareholders accordingly.
8. The Exchange may suspend trading in a company's shares for failure to submit financials within the stipulated timeframes.

### 601 Audited Annual Financial Statements

1. Every listed company shall submit to the Stock Exchange one *(1) hard copy and (1) electronic copy* of the Audited Annual Financial Statements not later than ninety (90) days after the company's financial year-end.
2. 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) to (iii) shall also be included:

- i. Shareholdings of Directors and Senior Officers, connected persons and the shareholdings of those persons holding ten (10) largest blocks of shares.
  - ii. All Audited Annual Financial Statements approved by the company's Board of Directors and signed by two (2) or more directors of the company.
  - iii. The Audited Annual Financial Statements must be simultaneously published in at least one of the leading daily newspapers.
3. A company that is unable to submit Audited Annual Financial Statements to the Exchange in a timely manner and within the prescribed intervals shall notify the Exchange at least ten business days prior to the due date, that there is the probability of a delay, advising of the circumstances and the probable extent of the delay.
  4. Any delay would be broadcast to the market by the print media in leading daily newspaper, and the company must simultaneously place an advertisement in the in the same manner advising shareholders accordingly.
  5. The Exchange may suspend trading in a company's shares for failure to submit financials within the stipulated timeframes.

#### 602 Annual Report

1. Every listed company shall forward within one-hundred-and-twenty (120) days of the company's financial year-end, a printed copy of its Annual Report and Financial Statements, which shall include the shareholdings of directors, senior management and connected persons to each of the company's share/stockholders, and six (6) printed copies and (one) electronic copy to the Stock Exchange.

#### 603 Communication of Information

1. Every listed company shall notify the Stock Exchange, no later than five (5) days following the Board meeting at which the decision was taken, of all dividend payments, profit announcements, rights or bonus issues, acquisition or sale of assets, significant changes in share ownership or control and any other information necessary to enable share/stockholders to appraise the position of the company.
2. The information regarding the listed company shall be communicated to the general public within five (5) working days of the Board meeting via one of the leading daily newspapers.
3. A Company whose securities are listed on more than one Stock Exchange shall ensure that any information released in another market has been simultaneously submitted to the TTSE. The information shall be communicated directly to the

Stock Exchange and not through an agency or third party.

4. Any decision which requires ex-condition dealing in a security shall be communicated to the Exchange not later than seven (7) business days before the record date.

604 Reports on Trading by Directors & Senior Officers

1. Every listed company shall, through its Company Secretary or other relevant company official notify the Exchange of all trades done by directors, senior officers and connected persons, within five (5) business days of the transaction.

## **APPENDIX XII**

### **Guidelines on Timely Disclosure of Information**

#### **A. Introduction**

Public confidence in the integrity of the securities market requires timely disclosure of information concerning the business and affairs of companies listed on the Exchange, thereby placing all participants in the market on an equal footing.

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 refers to any information relating to the business affairs of the company which would likely be considered important to a reasonable investor in making an investment decision; material information consists of both material facts and material changes.

Companies are required to report all material information affecting the performance of the company to the investing public. Where there is the existence of rumours and speculation relating to the business affairs of a reporting issuer, the Exchange may require that a public announcement be made by the company whether such rumours and speculation are factual or not. Listed companies must consult with 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 by the next day, upon the information becoming known to management, or in the case of information previously known, and upon it becoming apparent that the information is material.

#### **D. Developments to be Disclosed**

Shareholders and the investing public must be informed of any development taking place with the listed company, which may affect their investment decisions. 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 are to be made when a decision has been sanctioned by the Board of Directors of the company or by Senior Officers with the expectation of concurrence from the Board of Directors.

Developments that are likely to give rise to material information and require prompt disclosure include, but are not limited to the following:

- a) Changes in share ownership that may affect control of the company.
- b) Changes in corporate structure, such as reorganizations, amalgamation, etc.
- c) Take-over bids.
- d) Major corporate acquisitions or dispositions.
- e) Change in capital structure.
- f) Public or private sale of additional securities.
- g) Firm evidence of significant increases or decreases in near-term earning prospects.
- h) Where a significant increase or decrease in earnings is indicated in the near future, such as the next fiscal quarter.
- i) Any other developments relating to the business and affairs of the company that would reasonably be expected to have been considered to be a significant influence on a reasonable investor's investment decisions.

#### **E. Content of Announcements**

Investors possess the right to obtain timely and factual information regarding the business affairs of the company.

Announcements of material information must be factual and balanced neither over-emphasizing favorable news nor de-emphasizing unfavorable news, and one must be disclosed just as promptly and completely as the other. News releases must contain



sufficient detail to enable media personnel and investors to appreciate the true substance and importance of the information.

## **F. Confidentiality**

In limited 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.

- i. Where a material change occurs in the business affairs of a reporting issuer, the company must by the next business day of the material change coming to the issuer's attention, file with the Exchange a report disclosing the nature and substance of the material change.
- ii. Upon receipt of the report, the Exchange, where it is of the opinion that the disclosure of the material change would not be unduly detrimental to the interests of a reporting issuer, may:
  - (a) stipulate disclosure to the public of the material change or
  - (b) permit non-disclosure of the material change by the reporting issuer.
- iii. Information received by the Exchange on the listed companies would be disseminated to investors via the securities firms, posted on the Exchange's website, published in the local newspapers via the Exchange's Weekly Bulletin and filed electronically for easy retrieval upon request.

Instances in which disclosure might be unduly detrimental to the company's interest are as follows:

- i. Release of the information which 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 the acquisition.
- ii. 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.

- iii. 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.

**AND FURTHER TAKE NOTICE** that the Commission is inviting any interested persons to submit written comments on the new rules no later than **November 10, 2009** to the General Manager of the Trinidad and Tobago Securities and Exchange Commission, Nos. 57-59 Dundonald Street, Port of Spain.

**Dated this 21<sup>st</sup> day of October, 2009**

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