

# LAUNCH OF THE INVESTORS EDUCATION PROGRAMME 2005

*“Investing in the Investor”*

*April 13<sup>th</sup> 2005*

*Crowne Plaza, Port of Spain*



***ADDRESS BY-***

**OSBORNE NURSE, CHAIRMAN**

**TRINIDAD & TOBAGO SECURITIES & EXCHANGE COMMISSION**

Greetings to,

Senator the Honourable, Mr. Conrad Enill, Minister in the Ministry of Finance,

Specially Invited Guests,

Fellow Commissioners of the Trinidad & Tobago Securities & Exchange Commission;

Representatives of the firms of the securities industry of Trinidad & Tobago;

Members of the Media;

Ladies and Gentlemen.

Welcome to this launch of the Trinidad and Tobago Securities and Exchange Commission Investor Education Programme 2005. This launch represents the first step in the establishment of a structured and targeted initiative geared at educating investors and informing market participants about their rights, obligations and duties in the performance of their investing and business activities.

The Commission's responsibility and mandate for the education of the investing public reside clearly in the statement of the Commission's functions as provided in Section 6 of the Securities Industry Act 1995 which identifies, among others, the following for the Commission:

- regulate and supervise the timely, accurate, fair and efficient disclosure of information to the investing public, the securities industry and the capital markets;
- protect the integrity of the capital market against any abuses arising from market manipulating practices, insider trading, conflicts of interest and other unfair and improper practices;
- promote an understanding by the public of the capital markets, the securities industry, and the benefits, risks, and liabilities associated with investing in securities;

This mandate to the Commission is also reflected in the principles and objectives of securities regulation that have been promulgated by the International Organisation of Securities Commissions (IOSCO) which has identified the three fundamental objectives of securities regulation as the protection of investors, ensuring the maintenance of fair efficient and transparent markets and the reduction of systemic risk.

In respect of the protection of investors, IOSCO indicates that among other things, investors should be protected from unfair market behaviours through the availability of full disclosure of information that is material to investors' decisions, and ensuring that only licensed and authorised persons hold themselves out to the public as providing investment services. The provision of resources for investor education is one of the key strategies by which this Commission, as indeed all securities commissions around the world, seeks to discharge its responsibilities to ensure the protection of investors.

It is instructive, I believe, at this launch of the Commission's Investor Education Programme, to draw specific reference to the two pillars identified by IOSCO for ensuring investor protection that I referred to above – disclosure and the licensing of authorised persons.

In this regard, it is perhaps most timely that the Commission is launching its programme at this time, when the Commission has deep concerns in these two areas.

The Commission is concerned that despite its publication of a Public Notice in 2003, and its consideration of a number of contraventions of the SIA in respect of disclosure by market participants in 2004, there is still substantial evidence that market participants are failing to comply with their obligations to file disclosure documentation on time, and to make adequate and timely public disclosures in respect of significant market transactions.

In the last quarter of 2004 and the first quarter of 2005, the Commission considered some 82 cases of contravention by market participants of their disclosure and filing obligations and imposed penalties on contravening parties amounting to some \$1.2

million. These obligations relate to the filing with the Commission, within time frames specified in the Act, of annual accounts and financial statements, Annual Reports and interim financial reports by market participants.

The Commission had felt that the publication of the Public Notice and the imposition of penalties would serve to fix firmly in the minds of market participants the critical importance of meeting their disclosure obligations. The evidence now suggests that the message about the importance of disclosure to market fairness, efficiency and transparency and to the protection of investors has not been fully understood by some market participants.

The launch of the Commission's Investor Education Programme also provides a timely platform for the Commission to remind investors that the requirements for the registration of investment products and of market actors in the securities industry is partly designed to protect them from fraudulent and unfair schemes. In this market as elsewhere in the world, investors must be ever vigilant to ensure that they understand the products that are being offered to them and to avoid products such as pyramids and Ponzi schemes. While the Commission will continue to do its part to curtail these practices, its best support in so doing and in ensuring that the schemes do not take any footholds in the market lies in the awareness of the public about such schemes, about their rights and obligations and about the information and protection that may be available to them through the Commission.

Against this background, the Commission has designed its Investor Education Programme to include not only material directed to investors, but to market participants as well. Informed and knowledgeable participants on both sides of the market are the bedrock of the kind of efficient market that we are striving to create in Trinidad and Tobago. We are fortunate that the providers of investment products and services here in Trinidad and Tobago strongly endorse our perspectives on Investor Education as reflected in your turnout at today's launch and the views you have shared with us in our 2004 survey of the securities market. We expect to be able to

make the results of that market survey, which contains valuable information about the size, structure and behaviour of the market, available to you very shortly.

In closing, I would like to acknowledge on behalf of the Board of Commissioners, the efforts of the staff in the formulation and implementation of this programme. Moreover, we will also like to thank you, our partners as market participants and the investing public, for your frank opinions and suggestions, and for your attendance at this morning's launch of what we expect to be a highly successful Investor Education Programme.

