

Trinidad and Tobago Securities and Exchange Commission

LUNCHEON MEETING

-Meet the Media-



Address by the Chairman- Ms. Deborah Thomas-Felix

Hyatt Regency Trinidad- Siparia Room

March 5th, 2010

ADDRESS

Welcome to our meet the press session, this is the third in a series of meetings the SEC will be hosting. Thank you for sharing this time with us. The Trinidad and Tobago Securities and Exchange Commission is a creature of the Securities Industry Act, 1995 which was proclaimed in 1997. The Commission or the SEC as it is commonly called is a supervisory body whose principal objective is to ensure that security markets in Trinidad and Tobago operate in a fair and orderly manner and market participants deal fairly with their customers. In pursuing this objective the Commission imposes requirements for timely, accurate and efficient disclosure of information by all participants. The Commission investigates fraudulent and unfair market practices and procedures and it has the power, not only to discipline registrants but to impose penalties for failure to comply with the provisions of the Act.

The 5 main functions of the SEC are to

1. Advise the Minister of Finance on all matters relating to the Securities Industry.
2. Maintain surveillance over the securities market and ensure orderly, fair and equitable dealing in securities,
3. Register and authorize or regulate Self-Regulatory Organization, securities companies, brokers, dealers, traders, underwriters, issuers and investment advisers in accordance with the Act. Control and supervise their activities with a view to maintaining proper standards of conduct and professionalism in the securities business,
4. Protect the integrity of the securities market against any abuses arising from the practice of insider trading and
5. Create and promote such conditions in the securities market as may seem to it necessary, advisable or appropriate to ensure the orderly growth and development of the capital market.

I will briefly outline the institutional composition of the securities market. The SEC is the regulator and there are reporting issuers, self-regulatory organizations, market actors, securities companies, brokers, traders, underwriters and investment advisers.

Our local securities market has grown rapidly over the period 1998-2009, far exceeding the growth of the banking sector. By 2009 31 individuals and 53 institutions operated in market.

Let me put this growth in perspective, by the end of September 2009, the securities market was more than 3 times the size of the banking sector and the value of securities outstanding represented 158% of GDP at the end of that period while commercial bank deposits for the same period were 48% GDP.

This is evidenced by the fact that

Industry	Size (TT\$ Billion)	Market Share (%)	% of GDP
Equity (Market capitalization)	71.4	33.9%	53.5%
Bonds & Debt (Value of debt outstanding)	56.6	26.8%	42.4%
Mutual Funds (Assets under management)	45.6	21.6%	34.2%
Derivatives market (Value of derivatives outstanding)	37.3	17.7%	27.9%
	210.9	100.0	158.0%

This data I believe will assist in understanding how important and relevant the SEC is as a regulator. The SEC continues to work assiduously to improve transparency and disclosure standards with a view to enhancing investor confidence while promoting liquidity in the market. In this regard, I should report that the Securities Bill 2009 which was tabled in Parliament has been sent to a Joint Select Committee of the Parliament, this Committee sits today. We do hope at the end of the process to have a more effective legal framework within which to operate.

At present the Commission can impose a penalty of \$50,000 for each contravention which is committed

There are four types of contraventions namely:

- a) failure to file annual reports;**
- b) failure to file amended registration statements;**
- c) failure to file interim financial statements;**
- d) failure to file audited Comparative financial statements within the prescribed time frames as determined by the Act and its by-laws**

The law provides for anyone who is about to issue securities or has issued securities, to meet certain reporting and disclosure obligations. These reporting and disclosure obligations are not only obligations to the Commission, but they are obligations to the investors and the public at large.

If the Bill becomes law, the penalties for contraventions will increase from the existing \$50,000 to \$500,000, together with a late filing fee of \$1000.00 a day.

I think by now you will realize that enforcement will continue to be of critical importance to the SEC. As Chairman, I am committed to a fair, efficient and transparent market in which there is protection for investors

and I am also committed to surveillance and enforcement of the rules which govern that market. I wish to assure market participants that I am also committed to promoting policies that maintain the delicate balance between a liquid and a well regulated market.

One of the strategies that the Commission intends to adopt to ensure that there is a fair, efficient and transparent market and to protect investors is education. I am of the firm view that well informed investors make wise investment choices.

With this in mind, in my tenure as Chairman, the Commission will be hosting a series of workshops and seminars, all geared towards education on the securities market and on its regulations. The aim of our education thrust is to ensure that potential investors receive all relevant information before making investment decisions and also to inform market players of the relevant rules and laws.

These sessions will be designed for market players, investors, regulators and members of the public including students at 6th Form.

On March 10th - 12th TTSEC in conjunction with the USSEC and CARTAC, the Caribbean Regional Technical Assistance Center will be hosting a Capital Market Development Workshop.

The Workshop is designed to be a forum for the exchange of best practices in the development and regulation of capital markets. Senior experts from the U.S. Securities and Exchange Commission will share their insights on capital market development, enforcement, and examination of market participants. The program will also explore responses to crisis and market abuses, provide observations comparing and contrasting approaches by regulatory systems around the world, and highlight international best practices. The presenters will use real-world examples of market abuse and inefficiencies to explore the regulatory, statutory, and other tools that capital market regulators need to address these challenges.

The participants include regulators from around the region, representatives from Organisations in Trinidad and Tobago and staff at the SEC.

We intend to invite you, the media, to attend the various forums which we will be hosting. These forums can assist in your understanding of the work of the Commission.

The Media has an important role to play in terms of reporting on material information which affects the market. Journalists can act as watchdogs not only for our industry but also for the wider society. Obviously, the media cannot replace regulators like the SEC, but you can certainly complement what we do, by insightful, investigative journalism and accurate reporting.

We therefore look forward to your support especially in our education drive as we strive to bolster confidence in the market.

