

Trinidad and Tobago Securities and Exchange Commission

Welcome Remarks
Launch of Repo and AML/CFT Guidelines

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Belmont Salon, Trinidad Hilton & Conference Centre

Welcome to the Trinidad and Tobago Securities and Commission's launch of its Guidelines for the Repurchase Industry and Guidelines regarding Anti-Money Laundering and the Counter Financing of Terrorism (AML/CFT).

Before I begin I wish to also place for your consideration that next month will mark the fifteenth anniversary of the Commission. Think of how the world has changed significantly in the last fifteen years and why it is imperative that we adapt, and adjust to this new and complex environment. That has been the history of mankind. Adapt or perish.

I would like to begin by briefly sharing with you some background to the development of these guidelines.

REPO GUIDELINES:

- **In 2006 the Trinidad & Tobago Securities and Exchange Commission conducted a study of the Repo industry.**
- **The intent of the study was to inform the Commission of the current state of the Repo industry and form the basis for future regulation of the industry with a view to promoting and ensuring its orderly growth and development.**
- **The study revealed then that as at December 2006, the size of the Repo industry was approximately TT\$8 billion. Today, as you will be informed, the industry has grown significantly.**
- **Its principal players comprised securities companies, banks, and other non banking financial institutions.**
- **The local Repo industry was not then regulated by either the Central Bank of Trinidad & Tobago ("the CBTT") or the Trinidad and Tobago Securities and Exchange Commission (the Commission).**

- Under the ambit of the Securities Industry Act, 1995 (“the SIA”), the Commission therefore took the decision to propose minimum requirements, in the form of guidelines, for the regulation of the Repo industry.
- The guidelines which are to be presented here this morning represent the culmination of the work of dedicated Staff of the Commission coupled with the input of persons from within the industry.

AML/CFT GUIDELINES:

- The AML/CFT Guidelines represent the Commission’s attempt to assist functionaries within the Securities Industry in their compliance with significant AML/CFT related legislation passed between 2009 and 2011. We are all aware of the growing international concern about money laundering and terrorist financing and their effects on the integrity and functioning of financial systems, on good governance, on financial stability and on economic development.
- The securities sector is a rapidly evolving one, in which products and services are vast and increasingly complex.
- The industry is characterised by speed in the execution of transactions, a global reach and the adaptability of products and services to meet investor demand.
- Unfortunately, these same seemingly positive features make the industry highly attractive to those seeking to conceal and otherwise utilise their illicit gains through money laundering and terrorist financing.
- The Commission has for years been represented on the National AML/CFT Committee and has been part of a National effort to ensure Trinidad and Tobago’s effective legislative and administrative compliance with international standards set by the Financial Action Task Force

(FATF) and the Caribbean Financial Action Task Force (CFATF) based here in Trinidad and Tobago.

- **These AML/CFT Guidelines directed at the Securities Industry represent just one component of a set of Trinidad and Tobago's overall legislative and administrative initiatives which date back to our first assessment in 2004.**
- **Effectively implemented AML/CFT regimes are essential to protect the integrity and stability of financial markets as they mitigate the factors that facilitate financial abuse and criminal economic activity.**
- **Being cognizant of the negative impact of money laundering and terrorist financing on the country's financial sector and in seeking to fulfill its statutory mandate to create and promote conditions for the orderly growth and development of the securities market, the Commission has seen it fit to develop robust guidelines which not only conform to the current domestic legislative framework but which are also in keeping with international best practice.**
- **The Commission's policy framework was developed after in-depth research and consultation with various stakeholders. The underlying objectives and outcomes which we aim to realize form the basis of the guidelines which we are now introducing to the market.**
- **The guidelines establish the measures that securities market intermediaries ought to implement throughout their operations to minimize the threat of becoming a target for money launderers and terrorist financiers.**

Conclusion:

I am sure that from this brief outline we would all agree on the importance of this initiative for our country and its financial markets.

It is important for us to know that the issuance of guidelines of different types for the securities industry is an initiative being undertaken in a global environment, an initiative that is fueled by the requirements of international bodies such as the FATF.

Regardless of the size or nature of our industry we are all being placed in the position of issuing guidelines such as these to address identified deficiencies within our industry. You may wish to know that after an examination of the Securities Industry in Hong Kong in 2008, the FATF required the Securities and Futures Commission (SFC) to issue new AML/CFT guidelines just as we are issuing today to address deficiencies within the Securities Industry. These new Guidelines were only issued for Hong Kong at the end of January 2012 and took effect on the 1st April 2012.

We are therefore not alone in this initiative. The global nature of the industry has seen to that.

It is however also important to note that these guidelines are specifically intended to give guidance to persons operating within the Securities Industry of the minimum standards which would be acceptable to the Commission in furtherance of its regulatory oversight. Guidelines entail exactly what the word suggests. These Guidelines will be subject to review by the Commission based on comments from the industry, upon issues which arise as to their functionality, and upon responses to changes within the global regulatory landscape.

Thank you for your attention.