



# **Introduction to the Proposed Securities Bill 2012**

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# Outline

- ▶ The Securities Market
- ▶ Global Financial Crisis
- ▶ TTSEC's Response
- ▶ International Organization of Securities Commissions (IOSCO)
- ▶ IOSCO Multilateral Memorandum of Understanding (MMoU)
- ▶ Aims and Benefits of the Securities Bill 2012
- ▶ TTSEC: The Way Forward

# Global Financial Crisis

The global crisis was caused by a confluence of factors:

- Erosion of market discipline
- Excessive risk-taking accompanied by weaknesses in risk management practices of financial institutions
- Poor investor due diligence
- Inadequate disclosure standards
- Inadequate prudential framework in the face of the emergence of large highly interconnected firms.
- ***Gaps in the regulatory framework***

# TTSEC's Response

- ▶ Continued review of the regulatory framework
- ▶ Adoption of IOSCO Principles

# International Organization of Securities Commissions (IOSCO)

## ▶ What is IOSCO?

- Association of regulatory commissions which provide assistance in the regulation of the international securities market

## ▶ What does IOSCO do?

- Set objectives and principles for the regulation of the securities market which seek to:
  - Protect Investors
  - Ensure that markets are fair, efficient and transparent
  - Reduce systemic risk

# IOSCO Multilateral Memorandum of Understanding (MMoU)

## ▶ What is the MMoU?

- MMoU is a tool used by securities regulators to help ensure effective regulation and to preserve and strengthen the international securities market. It was designed to facilitate cross-border enforcement and the exchange of information for securities regulatory enforcement purposes

## ▶ What are the benefits of the MMoU?:

- The ability to obtain investigative information from overseas regulators, enabling more effective enforcement investigations
- The enhancement of reputation and credibility
- The ability to increase investor confidence
- The attraction of increased capital flows and a lowering in the cost capital

# IOSCO MMoU Signatory List

- ▶ Appendix A Signatories (Full Signatory): 86
- ▶ Appendix B Signatories: 29
- ▶ Trinidad & Tobago is currently an Appendix B signatory
- ▶ IOSCO has imposed a deadline of **January 1, 2013** to fulfill all the requirements to become a full signatory to the MMOU

# IOSCO Deficiencies in SIA 1995

- ▶ Access to records
- ▶ Ability to share information
- ▶ Record keeping
- ▶ Confidentiality



# Consequences of Not Being an “A” List Signatory

- ▶ Beyond **January 1<sup>st</sup> 2013**, Appendix B will cease to exist
- ▶ May result in reputational and credibility issues as countries not on the single list will be identified as high risk territories for business
- ▶ Attraction of unscrupulous market players
- ▶ Being an A list signatory increases the potential to join international cooperation arrangements such as mutual recognition/ regulatory cooperation agreements

# The Securities Bill, 2012

## Aims and Benefits

- ▶ **Increases the size of the Commission – S.10**
  - Enhances TTSEC's abilities in adjudicating contraventions
  - Would strengthen the supervisory process to better enforce regulation

# The Securities Bill, 2012

## Aims and Benefits

- ▶ **Promotes regulatory co-operation**
  - Provides for enhanced consultation and co-operation with the CBTT and other regulatory agencies – this would prevent duplication of effort – S.19
  - Provides for co-operation with foreign regulators and government agencies- S.19
  - The enhanced s. 19 provision would complement the recommendation of the G20 which has advocated greater co-operation among regulatory bodies, both domestically and internationally.

# The Securities Bill 2012

## Aims and Benefits

- ▶ **Enhances disclosure obligations – Part V**
  - Strengthens reporting by issuers of securities through improved disclosure requirements
  - Allows investors to access accurate and timely information, contributing to the Commission's role of investor protection and thereby facilitating investor due diligence
- ▶ **Shifts the focus from issuer to activity and investor**
  - Promotes investor protection, more adequately fulfilling the Commission's mandate

# The Securities Bill 2012

## Aims and Benefits

- ▶ **Strengthens the regulatory framework and fosters transparency**
  - Broadens oversight to all market participants and not simply registrants.
  - Allows for the inspection of company records, compliance reviews and powers of entry – S.89
  - Allows for the issuance of compliance directions for non compliance with guidelines and recommendations following a compliance review – S.90

# The Securities Bill 2012

## Aims and Benefits

- ▶ **Allows for the recognition of Market Manipulation Offences – S.91- S.98**
  - Current legislation is inadequate to address potential types of market misconduct or to permit prosecution of offenders
  - The Bill adds and addresses other methods for maintaining artificial prices and prohibits price rigging
- ▶ **Addresses Insider Trading More Effectively**
  - Expands upon the regulation of insider dealing – S.100
  - Better defines “connected person” and under what circumstances they are prohibited from trading and disclosing material non-public information – S.101

# The Securities Bill 2012

## Aims and Benefits

- ▶ **Increases By-Law Making Powers of the Commission - S.148**
  - This would allow the Commission to respond with some degree of flexibility to developments in the market.
  
- ▶ **Increases the Commission's Enforcement Powers**
  - Penalties for various contraventions would be increased – S. 150-152

# TTSEC: The Way Forward

## ▶ *Focused on:*

- Building internal capacity
- Strengthening enforcement capabilities
- Increasing collaboration with all stakeholders
- Promoting investor education
- Enhancing its legislative framework
- Creating an environment that promotes confidence and growth in the capital markets



»» **Thank you for  
your attention**