

Trinidad and Tobago Securities and Exchange Commission

*Opening remarks at the signing of an MOU between the
TTSEC and the CBTT*

January 6, 2014



Address by Patrick Watson, Chairman, TTSEC

Hyatt Regency, Trinidad

Ladies and gentlemen, Good Morning and a happy new year.

As the regulator of the securities industry in Trinidad and Tobago, the Trinidad and Tobago Securities and Exchange Commission (TTSEC) has three primary functions: registration of all market actors and the securities that they offer; surveillance of the market; and enforcement of the legislation which governs the functioning of the industry. Our aim is also to promote the growth and integrity of the securities industry through consultative and collaborative efforts with all of our partners who operate within the market.

The ultimate goal of securities regulation is the attainment of an efficient capital market, which in turn, serves to improve the allocation of resources in the economy. The optimal allocation of resources assists in the achievement of long term, sustainable economic growth and development, which redounds to the benefit of everyone. Sound capital market development is, in turn, facilitated through effective and robust securities market regulation which, ultimately, encourages local and foreign investment, deters capital flight and reduces Trinidad and Tobago's exposure to currency fluctuations.

Since its establishment in 1997, the Commission has been committed to fostering the orderly development of the securities market which, over the years, has increasingly assumed many of the characteristics of the securities market of a developed country. This is all the more reason why the Commission must operate in a manner that is responsive to changes in the marketplace, while keeping abreast of international developments, to ensure that our regulatory framework remains current, relevant and effective.

A key partner of the TTSEC in the regulation of the financial services industry is the Central Bank of Trinidad and Tobago (CBTT). We are entering into this Memorandum of Understanding with the CBTT because we recognize the need for mutual cooperation between our two entities in the carrying out of our regulatory and supervisory functions under the relevant laws, regulations and rules.

We also acknowledge the importance of compliance with international standards established by international standard setting bodies such as the Basel Committee on Banking Supervision, the International Association of Insurance Supervision and the International Organization of Securities Commissions.

This MOU is necessary because we understand that the laws, regulations and rules that apply to the TTSEC and the CBTT are designed to protect the legitimate interests of customers and may limit the transmission of information between the Authorities. While we acknowledge that the two Authorities remain solely and fully responsible for the proper execution of their respective competencies, tasks and duties under applicable laws, regulations and rules, it is our intention, by way of this Memorandum, to establish a framework to facilitate the exchange of information between the Authorities and to enforce or secure compliance with any Laws, Regulations and Rules relating to the functions and duties of both regulators.

I would like to signal my commitment to providing the CBTT with assistance under this Memorandum, to the full extent permitted by the laws, regulations and rules. We shall share relevant information regarding the administration, quality of organization and systems, the quality of management and any other information that may be relevant to the adequate supervision of market participants within the securities industry. We will identify group operations and share any information that may facilitate adjustments to consolidated financial statements or present a risk to the operations of the securities industry.

We believe that this Memorandum will serve to promote integrity, efficiency and financial soundness of the industry. Most importantly, by signing this MOU, we pledge to use reasonable efforts to provide the CBTT, with any information that we may discover that relates either to the safety and soundness of any Financial or Licensed Entity regulated by the CBTT or the fairness and efficiency of the securities industry.

In our view, everything that we do as a regulator must give existing and potential investors and financial institutions, both domestic and foreign, greater confidence in our local financial system, thereby encouraging their entrance and active participation in the domestic market. To this end we are already engaged in the development of an MOU with the Financial Intelligence Unit (FIU), which we expect to be signed no later than February of this year.

Additionally we shall, later this week, be signing a protocol with the Securities Dealers Association of Trinidad and Tobago (SDATT), which seeks to treat with certain outstanding technical issues (both new and recurring), which have been engaging the attention of key stakeholders in the implementation of the Securities Act.

Securities markets are vital to the growth, development and strength of market economies like ours. They support corporate initiatives, finance the exploitation of new ideas and facilitate the management of financial risk. Further, since retail investors are placing an increasing proportion of their money in mutual funds and other collective investments, securities markets have become central to individual wealth and retirement planning. Sound and effective regulation and, in turn, the confidence it brings, is important for the integrity, growth and development of securities markets.

In closing, I want to assure you that, in order to ensure continued growth and financial stability of the market, while simultaneously protecting investors, we will be constantly re-evaluating the conceptual framework and operational regime for the regulation of the industry, and we will continue to actively collaborate with our key stakeholders to ensure the building of confidence in the financial system as a whole and the strengthening of the economic foundation of the country.

Thank you for the courtesy of your attention.