



NEWSLETTER

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ISSUE # 16

YOU INVEST. WE PROTECT. EVERYONE BENEFITS!



Regional IE Session

Pgs.12-13

Protecting the Integrity of the Securities Markets



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Chairman's Message



Dear Valued Stakeholder,

The Commission is pleased to present to you the 16th Issue of its Quarterly Market Newsletter. In this issue we focus on the topic of *"Protecting the Integrity of the Securities Markets"*.

As the regulatory body responsible for the fair and transparent operation of the securities market, the Commission, as mandated under the Securities Act, 2012, is required to maintain surveillance over the securities industry and ensure orderly, fair and equitable dealings in securities. This issue provides insight into how various Divisions work together toward protecting the integrity of securities markets.

I thank you for taking the time to read this publication and I hope that you find the information presented herein, useful.

Douglas Mendes, SC
Chairman

CEO's Report

Mr. C. Wainwright Iton
Chief Executive Officer



Introduction

The theme of Issue #16 is "Protecting the integrity of the Securities Markets". As a member of the International Organization of Securities Commissions (IOSCO) we subscribe to the three (3) primary objectives of securities regulation, viz:

- (i). **Protecting investors**
- (ii). **Ensuring that markets are fair, efficient and transparent**
- (iii). **Reducing systemic risk**

At the TTSEC, we have a responsibility to ensure that every investor is guaranteed fair, efficient and transparent securities markets. This means that:

- (a). **Every investor must receive the protections he/she deserves¹.**
- (b). **Market actors (anyone who sells securities as defined in SA 2012) are registered by the Commission.**
- (c). **Securities advertisements are truthful and not misleading.**
- (d). **Securities sold to investors are suitable for their needs.**
- (e). **Investors have access to full disclosure about the securities before making an investment.**

We achieve these goals by a combination of activities:

- (f). **Our laws, regulations and guidelines must be in plain English and easily understood.**
- (g). **We must enforce these laws etc. fairly and even-handedly by practising "credible deterrence". Those who break the rules must be punished proportionately, which implies that we detect breaches of our laws and regulations.**
- (h). **We must educate and inform our market participants.**

The articles included in this Issue seek to educate and inform you about how we "**protect the integrity of the Securities markets**".

¹ FINRA - What we do



DR&CF

DISCLOSURE, REGISTRATION AND
CORPORATE FINANCE DIVISION

ROLE IN PROTECTING THE INTEGRITY OF THE SECURITIES MARKET

The Securities Act, 2012 (the Act) and its related By-Laws entrust the Commission with the responsibility to ensure that the requirements of the Act are duly executed. One of the key pillars of the Commission is to protect the integrity of the securities market against any abuses arising from market manipulating practices, insider trading, conflicts of interest and other unfair and improper practices.

The Disclosure Registration and Corporate Finance's (DR&CF's) function of the Commission, contributes to the achievement of this mandate in several ways. DR&CF is responsible for the registration of all self-regulatory organisations, Broker-Dealers, Investment Advisers, Underwriters and Reporting Issuers, as well as the securities that are issued by the Reporting Issuers. The registration process involves the completion of a number of forms which ask a series of questions assessing the financial responsibility, integrity and competence of the applicant. The Staff reviews these documents to determine whether the applicant is fit and proper to be registered to operate in their respective roles. The Commission would approve the application once the criteria are satisfied.

Registrants are continuously assessed to ensure that they remain fit and proper to be registered in their capacities with the Commission. In the event that a registrant is no longer considered to be fit and proper, the Commission has the power to issue a warning, reprimand or suspend the registrant if it is of the opinion that it is in the public's interest to do so. This process ensures that only fit and proper players are in the market, thereby providing investors with the knowledge and comfort to invest with confidence.

The laws and rules that govern the securities market are derived from a simple concept: all investors should have access to certain basic facts about an investment prior to buying it. To achieve this, the Commission requires that registrants disclose meaningful financial and other information to the public, which provides a common pool of knowledge for all investors to use to make informed investment decisions. These disclosures consist of, but are not limited to, financial statements, revised registration statements, material changes and offering documents.

Staff ensures that registrants are complying with the requirements of the Act in meeting their disclosure obligations through the Division's review process. Further, staff reviews the disclosures and assesses for accuracy and quality, as well as the financial solvency of the registrants, among other things. Registrants who fail to meet the continuous disclosure requirements would have contravened the Act and would be penalised accordingly.

Only through the steady flow of timely, comprehensive and accurate information, can people make sound investment decisions. Therefore, DR&CF tries to ensure that registrants comply with the disclosure requirements of the Act, so that the investing public of Trinidad and Tobago would be well equipped with the knowledge to confidently invest in the securities being offered by the companies.



DIVISIONAL spotlight

Policy, Research & Planning, and Library (PR&P)

The Policy, Research and Planning Division (PR&P), and Library, is the knowledge and data centre of the Commission. A key component of its remit is the identification and analysis of trends, issues and innovations within the local and international securities markets. Through this trend analysis, the Division provides reports to the Board of Commissioners and Management. Additionally, PR&P manages and analyses data submitted by the Collective Investment Schemes (CIS) and publishes on the Commission's website, the monthly aggregate data on this market, facilitating easy access to the information by the public. The Division also responds to all approved data requests received by the Commission from external stakeholders.

When the Commission's Micro and Macro Prudential Reporting Framework becomes fully operational, PR&P will also be responsible for maintaining the database. The Division will monitor Macro Prudential indicators for signs of emerging stresses in the securities market as well as monitor the degree of interconnectedness within the securities market and the wider financial system.

Further, with the passage of the Securities Act, 2012 and the General (Securities) By-Laws, 2015 the Commission will be engaged in reviewing subsidiary pieces of legislation. The Division, to support and guide these activities, will conduct research and keep abreast of changes in the international securities regulatory landscape. Ultimately, the Division's research and data activities inform the policy decisions of the Commission.

Beyond informing policy decisions and regulatory changes, the Division's research activities contribute to creating an environment that fosters knowledge sharing and professional development of the Staff of the Commission. It engages in initiatives which direct discussion on various securities regulatory issues, and conducts knowledge sessions with all Staff to ensure that there is a general understanding of the business of the TTSEC.



Market Conduct

Securities Market Trading



All market participants are expected to conduct their business activities in a manner which contributes to the maintenance of a fair and orderly securities market. These expected behaviours are referred to as “market conduct” and encompass a number of best practice standards aimed at maximising clients’ interests, promoting fair market trading and fostering a culture of efficiency and high standards.

In this article, we will look at some aspects of best practice market conduct for firms as they relate to the execution of trades on the securities market, as well as some unfair and unethical trading practices which can occur in the market.

MARKET CONDUCT AND BEST PRACTICE

Independence and Integrity

Firms must show integrity and deal with clients’ money and assets in good faith. They should use reasonable care and judgement to maintain independence and impartiality when making investment decisions on behalf of clients, and should avoid situations that could cause conflicts of interest. Where conflicts of interest arise, firms should make full disclosure ensuring that such disclosures are factual, complete and presented in a format that communicates the information effectively. Trust is an important part of the relationship between firms and clients, and as such impartiality, honesty and full disclosure help maintain and build this trust.

Client Order Priority

A client order is an investor’s instruction to a brokerage firm to buy or sell a security. These instructions usually specify the type of order being placed as well as the quantity and price at which the order should be executed. Firms should give priority to client orders and such orders should be executed fairly with priority over house account orders, particularly in situations where there are orders for the same security at the same price. In instances where the firm is operating as both broker¹ and dealer², trading with its clients as the counter party, the firm must not offer trading positions that are unreasonable or disadvantageous to clients in light of the existing market conditions.

Timely and Best Execution of Trades

Client orders are received throughout the trading day and firms should effect and execute an order as soon as it is reasonably practicable to do so. Additionally, subject to any instructions provided by the client in relation to placing the order, the firm should use its best endeavours to obtain for the client, the best available price at the point in time, given the size and type of transaction concerned. Other factors that the firm may take into consideration when executing orders on the basis of best execution include the direction of the market for the security, the size of the spread and the liquidity of the security. The spread is the difference between the buying and the selling price of a security, while liquidity refers to ease and speed at which a security can be bought or sold. Seeking timely and best execution at the point that the order is received, maximises client portfolio value for all client transactions and eliminates broker discretion that could potentially harm clients.

Notification and Settlement of Client Trades

Once a trade is executed on behalf of a client, the client must be notified immediately, in writing. Such notification should contain all pertinent details of the transaction, including quantity, price, fees/commissions and settlement information. Settlement of trades must be prompt and within the standards established by law or otherwise. The broker must ensure that the client provides evidence of sufficient funds to cover all costs associated with the transaction in the case of the purchase of securities, and that the client owns/holds sufficient securities in the case of the sale of securities.

¹ A brokerage acts as a broker when it executes orders on behalf of clients.

² A brokerage acts as a dealer when it executes orders on behalf of its own account.

A client's money must also be accounted for properly, thereby ensuring that funds received in settlement of an executed order are promptly allocated to the client's account. A client's money must not be comingled with the firm's assets, used for another client's transactions or be made available in any circumstance for payment of any debt the firm may incur.

UNFAIR AND UNETHICAL TRADING PRACTICES

Front Running

Front running is the unethical practice of brokerage firms trading securities for their own account on the basis of advance knowledge of pending orders from their clients, to make a profit. Front running generally occurs when a brokerage firm buys or sells securities for its own account ahead of a large order to be executed (of which the firm is aware) which will shift the price of the security in the firm's favour. The profit made on such a transaction is at the direct expense of the firm's clients, thereby making such transactions unethical.

Churning

Churning takes place when trades are excessive in volume and frequency, and are not in the best interest of the client. It occurs when brokers use their discretionary authority to misuse client accounts to generate commissions via excessive buying and selling of securities.

To assess if churning is taking place several factors are taken into consideration which include:

- *The frequency of trades relative to the clients' investment objectives;*
- *Commissions, fees and other remuneration paid by clients;*
- *The clients' financial situation; and*
- *The validity of each trading advice.*



As such, since the main purpose of churning is to increase commissions, clients can avoid such activities by maintaining full control over their accounts.

Insider Trading

Illegal insider trading occurs when persons trade on material non-public information. In a general sense, this type of trading occurs where persons who have access to price sensitive information, that has not been made available to the public, buy or sell securities on the basis of that information. It includes situations where not only persons with access to price sensitive information make trades on their own account, but also when these persons disclose insider information to another person or when these persons encourage other persons to act on insider information. As such, illegal insider trading undermines investor confidence in the fairness and integrity of the securities market.

Misrepresentation

Misrepresentation usually involves a deliberate intention to deceive or mislead clients for profit. Under such circumstances firms make guarantees and/or assurances in relation to investment products based on uncertain market factors to induce clients to make investment decisions. Misrepresentation can occur when a firm fails to disclose all material risks related to an investment; where firms fail to disclose all costs related to a transaction; where unrealistic assumptions have been used in making investment projections and where inaccurate performance calculations have been presented to clients.

Market Manipulation

Market manipulation is a broad term which encompasses any action which distorts security prices artificially. While there are many ways in which a securities market could be manipulated, manipulation generally occurs where a person enters into, carries out or participates in any transaction or series of transactions, that the person knows or reasonably ought to know will result in, or contribute to, a misleading appearance of trading activity in, or an artificial price for, a security. Such activities undermine the securities industry and prevent the market from being fair and equitable.

These unfair and unethical trading practices erode public confidence in the market. Firms should always consider how their actions affect the securities market, from the broader context of how they can apply market conduct best practices to improve industry standards, while avoiding the pitfalls of unfair and unethical trading practices. Protecting the best interests of clients must always be of utmost priority, a priority that is never compromised.



WINNERS of the TTSEC's 'YOUNG INVESTORS, CREATIVE EXPRESSIONS' 2016 COMPETITION



This year Trinidad and Tobago Securities and Exchange Commission (TTSEC) hosted its fourth national Investor education competition titled *'Young Investors, Creative Expressions'*, which ran from April 20 to June 30, 2016.

The competition was aimed at encouraging young individuals to learn more about investor education and financial literacy through creative outlets for expression, namely video presentation and spoken word poetry. Participants were required to develop a short video which showcased topics related to the securities industry via the creative arts.

This year the TTSEC partnered with the blink | bmobile Foundation and the Trinidad and Tobago Stock Exchange (TTSE). These organisations generously contributed the following: a Tablet, a Smartphone, a digital camera and \$6,000 in cash prizes sponsored by the blink | bmobile Foundation; and fifteen thousand dollars' worth in notional cash to be invested in the stock market courtesy the Trinidad and Tobago Stock Exchange. The TTSEC also contributed a hotel stay for two in Tobago.

Delivering remarks at this event was Ms. Enid Zephyrine, Madam Deputy Chair of the TTSEC, who indicated that public education, and more specifically investor education, is crucial to an understanding of the securities industry in Trinidad and Tobago. She also encouraged all citizens to become more cognisant of how they spend their hard-earned money, recognise the value in saving, and consider the long-term rewards that can be gained from investing in our stock market.

Also addressing the winners and key sponsors, was Mr. C. Wainwright Iton, CEO, TTSEC, who spoke specifically about the need for a more robust securities market and more so, boosting our junior market. He said that, "The time is ripe for the TTSE, the market actors, broker-dealers, investment bankers, the Chambers of Commerce and small and medium-sized businesses, to take up the challenge and make the SME (Junior) market a reality." He continued by saying that, "the development of this market must start with effective investor education and understanding of the possible benefits associated with investing in the securities markets".

Ms. Michelle Persad, CEO, Trinidad and Tobago Stock Exchange also delivered remarks in support of this Investor Education competition, stating that "... any event that involves investor education is a most worthwhile initiative". This is the Stock Exchange's third year in contributing to the TTSEC's competitions and Ms. Persad offered wise advice to the winners. "The importance of good management of your personal finances is a major factor in achieving success in life, from achieving self-reliance as a young adult to financing your basic needs of housing, health and family care, to later in life, your needs for retirement and medical requirements", said Ms. Persad. She also provided a basic 101 insight into the Stock Exchange and the value of leveraging on the stock market to achieve these life's goals.



CONGRATULATIONS TO ALL OUR WINNERS
TTSEC Team & winners

Ms. Anjanie Ramesar-Soom, Manager Corporate and Community Affairs blink | bmobile Foundation, reinforced the Foundation's commitment to contributing to the development of the nation's youth. Also a judge in the competition, she praised the participants for their efforts and also encouraged the winners to share the knowledge they gained from this competition with their friends, families and communities.

CATEGORY	WINNERS	PRIZES
Crowd Choice	Mical John	Hotel package to Tobago for two to Magdalena Grand
1st Place: 14-17	Marc Beepath, Naparima Boys College	Samsung Tablet + S6 Edge Plus + \$3,000 Voucher
2nd Place: 14-17	Shineque Saunders, Pleasantville Secondary	Samsung S6 + \$2,000 Voucher
3rd Place: 14-17	Michaela Phillip, St. Augustine Girls High School	Nikon D3300 Digital SLR Camera + \$1,000 Voucher
1st Place: 18-30	Jason Marciano	\$10,000
2nd Place: 18-30	Peterson Mc David	\$7,500
3rd Place: 18-30	Meagan Wong Sang	\$5,000

*The winners of Group B (18-30) were given a voucher to be reinvested in the stock market and held for a minimum period of 1 year.



TTSEC's CEO C. Wainwright Iton delivering his Address



TTSEC's CEO, Michelle Persad, presents cheque to 1st place winner Jason Marciano



Anjanie Ramesar-Soom, blink | bmobile Foundation with Marc Beepath & Michaela Phillip



Group photo of happy winners taking a selfie



"Given the central role of effective, firm wide risk management in maintaining strong financial institutions, it is clear that supervisors must redouble their efforts to help organizations improve their risk-management practices... We are also considering the need for additional or revised supervisory guidance regarding various aspects of risk management, including further emphasis on the need for an enterprise-wide perspective when assessing risk."

Ben Bernanke, former Chairman of the United States Federal Reserve

The mission of the Trinidad and Tobago Securities and Exchange Commission (the Commission) is to protect investors, promote and enable the growth and development of the securities industry by nurturing fair, efficient and transparent securities markets, and mitigating systemic risk. The Division of Compliance and Inspections (C&I) previously discussed its role in reviewing registrants' compliance with By-law 64 (1) (b) of the Securities (General) By-laws, 2015 which requires a registrant to "manage the risks associated with its business in conformity with prudent business practices".

There are many different approaches to enterprise risk management, however there are certain standard characteristics which are required for the implementation of prudent risk management practices. The Division of C&I assesses the risk profile of registrants using the following process:



- 1) **Significant Activities** – These are lines of business or significant processes that form part of the strategic plan of the registrant. These activities earn significant revenues and generate the most activity in relation to total assets of the firm.
- 2) **Inherent Risks** – Based on a registrant's significant activities, the C&I team will review the inherent risks associated with those operations and assess whether the risk management strategy incorporates all of the identified risk areas, and makes the appropriate recommendations where necessary. The following is a limited list of inherent risks:

- **Credit** - the risk of loss due to a borrower failing to pay interest on a loan or the principal at maturity.
- **Concentration** - can arise from uneven distribution of exposures to its borrowers, sectors, regions, industries or products.
- **Market** - the risk of losses arising from potential movements in market prices of securities held by the registrant.
- **Operational** - the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
- **Legal / Regulatory** - the risk of incurring costs due to breaches of laws, regulations, rules and enforceable guidance.
- **Reputation** – the risk of loss arising from damages to a registrant's reputation.

3) Quality of Risk Management – “The implementation of strong and effective risk management and controls within securities firms promotes stability throughout the entire financial system” (IOSCO 1998).

The firm’s risk profile is determined through an assessment of its significant activities. Each activity is reviewed to ascertain the quality of Board and Management oversight, compliance, risk management and, internal and external audit. These are discussed further:

- a) Board Oversight** – The Board of Directors is responsible for establishing and implementing a risk management framework including a formal risk management policy defining the procedures and other requirements that members of the Board and employees need to follow. The risk management policy should document the registrant’s process for the implementation of risk management and describe the controls associated. The risk management policy must be approved by the Board and should define the registrant’s risk appetite, and also include risk tolerance limits where applicable.
- b) Management Oversight** - Management is responsible for directing and overseeing the firm’s operations. Firms should have in place a risk management reporting and review process, which should include a review mechanism for reporting compliance with established policies and procedures, and addressing exceptions. The C&I team will assess the quality of risk reports to Management and the Board to ensure sufficient information is being presented for risk monitoring. The frequency of reporting will be reviewed along with the mechanisms used to report material inadequacies, or breakdowns in risk management controls.
- c) Compliance** - The C&I team will assess the quality of compliance with the implemented policies and procedures. This includes reviewing compliance with required risk tolerance limits, approval limits and the frequency with which registrants monitor compliance with the risk management policy. The systems and methodologies used to identify and measure risks will be assessed to ensure compliance with the risk management strategy. The C&I team must be satisfied that the approved risk management controls are being adhered to.
- d) Risk Management** – A registrant’s risk management function is responsible for monitoring, planning, directing and controlling the impact of risks arising from its operations. This function should identify current and emerging risks across the institution’s operations, and develop measurement systems for risks.
- e) Internal and External Audit** - Firms should periodically conduct an assessment of the effectiveness of established strategies, policies and procedures. The assessment should consider the results of risk management policies, changes in significant activities and environmental/market changes. The Board can perform independent evaluations through the use of an internal or external auditor to assess adherence to and effectiveness of, operational and organisational controls, and governance practices. All significant changes to methodologies, models and assumptions of risk management must be approved by the Board of Directors.

4) Financial Analysis – An assessment will be conducted on current and past performance of earnings, capital and liquidity of the registrant. The assessment will indicate the quality, quantity, volatility, composition and sustainability of a firm’s business objectives based on its historical and projected financial performance. The information will also indicate the adequacy of funds available to the registrant under normal and stressed conditions.

“In the business world, the rear view mirror is always clearer than the windshield.” (Warren Buffett, American Investor)

5) Risk Profile – For each registrant, the C&I Team will obtain an understanding of the control environment and determine whether or not established risk management controls are adequate. The risk profile is an overall assessment of the registrant after considering the foregoing process. The risk profile is assessed as Low (L), Medium Low (ML), Moderate (M), Medium High or High (H).

The Commission strongly encourages firms to adopt effective risk management that is suitable for the nature, scale, scope and complexity of their business activities. The Commission will continue to provide guidance as we work together with our stakeholders to ensure the effective development of the market.



TTSEC focuses on **Investor Education** among Youth

Regional IE Session

Getting to know Stock Market



Ms. Arlene Stephen, Director, Corporate Communications, Education and Information Division, wrapped up the session with an engaging presentation.



The Trinidad and Tobago Securities and Exchange Commission (the Commission) hosted an investor education (IE) session for over 140 secondary school students and teachers in North Trinidad on September 14, 2016. The IE session, was held in the Central Bank Auditorium, and attended by the following six secondary schools: Corpus Christi College, Diego Martin Central Government Secondary, San Juan Government Secondary, South East Port-of-Spain Secondary, St. Francois Girls' College, and St. George's College.



Mr. C. Wainwright Iton, CEO, TTSEC welcomed the students and teachers at the regional outreach session.

This regional session was aimed at raising awareness of the roles and responsibilities of the Commission and the Stock Exchange within our financial sector. Some of the core topics discussed were:

- **The importance of budgeting, planning, saving and investing**
- **The basics of the securities industry**
- **Key players in the securities industry**
- **The types of securities and investment schemes**
- **Rights and responsibilities of investors**
- **Investment scams and fraud**



TTSEC's Ms. Eva Mitchell, Manager, Market Operations, also engaged the students.



Students actively listening and taking notes during the intense two-hour session.

Mr. C. Wainwright Iton, CEO of the Trinidad and Tobago Securities and Exchange Commission, welcomed the students and encouraged them to absorb all the financial knowledge they can get particularly during this challenging economic climate. He also stressed the concepts of inflation, simple interest and compounded interest, and risk diversification. He continued saying that, *“Wise financial thinking starts from now, before you have a steady income, so you become better equipped to make smart investments when required.”*

The Commission, in tandem with, the Trinidad and Tobago Stock Exchange, delivered engaging presentations to these students who were excited to learn about saving and investing for their life’s stages.



Ms. Nicola Vickles, TTSEC, also shared vital information about the stock exchange with the students and teachers.



Student participating during the Q&A Session.

The students were fully engaged during the Q&A Session.





The Commission's Micro and Macro Prudential Reporting Framework (MMRF) has now entered its final stage; where commencing at the end of November 2016 registrants will have to submit the data required for the full establishment of this framework.

The Board of Commissioners by Order dated September 1, 2016 approved the implementation of the MMRF, its associated 11 forms and accompanying instructions.

The Order which outlines the MMRF can be accessed on the Commission's website at:

<http://ttsec.org.tt/order-re-development-of-a-micro-and-macro-prudential-reporting-framework/>.

The MMRF Forms are required to be submitted at the end of each calendar quarter, commencing November 30, 2016 by the following entities:

- 1. Registrants under section 51(1) of the Securities Act, 2012 (the Act);**
- 2. A collective investment scheme (CIS) whose units are registered under section 62 of the Act and;**
- 3. Registrants under section 51(1) of the Act who are appointed as investment managers or equivalent.**

These forms are also available on the Commission's website at: <http://ttsec.org.tt/filings/mmrf-forms/>.

The feedback provided by the Mutual Fund Association of Trinidad & Tobago (MFATT), the Securities Dealers Association of Trinidad & Tobago (SDATT) and the wider market during the consultation period was considered and incorporated wherever possible.

Responses to the feedback received during the consultation period can be viewed on the Commission's website at:

<http://ttsec.org.tt/wp-content/uploads/Consultation-Period-Consolidated-responses-.pdf>.

The Commission extends thanks to all registrants for their willingness to participate in the development of the MMRF, which will assist greatly in fulfilling its mandate to "assess, measure and evaluate risk exposure in the securities industry".

Protecting the Integrity of the Securities Market

One of the principal objectives of IOSCO is:

"To enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries".

As such the Division of LA&E has placed an emphasis on a regulatory approach through increased interaction with our stakeholders, as a means of fostering greater awareness and adherence to the requirements of the securities legislation. In carrying out its mandate, LA&E has also instituted enforcement action against persons who have breached the provisions of the Securities Act, 2012 (SA 2012) and the Securities (General) By-Laws.

Education of Industry Stakeholders

Market integrity can be fostered by increasing the awareness of our stakeholders with respect to their roles, responsibilities and the consequences that may flow from non-compliance. The Division of LA&E engaged in various securities laws awareness initiatives aimed at fortifying the knowledge of our external stakeholders.

The Division of LA&E represented the Commission at the following engagements:

- University of Trinidad and Tobago - to deliver a guest lecture on insider trading to a class comprising local business executives from small and medium-sized enterprises.
- The Institute of Chartered Accountants of Trinidad and Tobago seminar on "Accountants and their Legal Obligations" hosted at the Arthur Lok Jack Graduate School of Business. This presentation encompassed the role that accountants play in the filing requirements of registrants, and their exposure to liability under the securities legislation.
- Association of Compliance Professionals of Trinidad and Tobago (in conjunction with the Trinidad and Tobago Chamber of Commerce). The Division alongside members from our sister regulatory bodies, Central Bank of Trinidad and Tobago and Financial Intelligence Unit, sat on a panel to discuss the topic: "The impact of the Caribbean Financial Action Task Force 4th Round Mutual Evaluation Report on the financial services sector."

Additionally, members of the LA&E Division participated in discussions with representatives of the Securities Dealers Association of Trinidad and Tobago (SDATT) and Mutual Fund Association of Trinidad And Tobago (MFATT) at the Commission's offices regarding Anti-Money Laundering and Combatting the Financing of Terrorism. Risks and vulnerabilities associated with the securities sector were discussed, and information as well as recommendations, were exchanged towards strengthening the integrity of the securities sector.

Enforcement

One of the crucial functions of the Division is its enforcement mandate. The Division of LA&E undertook enforcement action against a number of companies for contraventions of the SA 2012 and the Securities (General) By-Laws. Some of these breaches included but are not limited to:

- ***Trading in unregistered securities;***
- ***Failing to register as a broker dealer;***
- ***Failing to file financial reports/statements in a timely manner;***
- ***Failing to make material change disclosures in a timely manner; and***
- ***Failing to disclose trading of a connected person.***

As a consequence of these contraventions, Orders for the payment of fines were imposed by the Commission. Details of these Orders can be viewed on the Commission's website at www.tfsec.org.tt. The Commission also directed the offending parties to undertake measures to correct their failures in the interest of investors.

In going forward, the LA&E Division will continue this thrust of enforcement action as we seek to encourage market actors to bring themselves into compliance with the various securities laws and to protect and maintain the integrity of the securities market. The Division aims at increasing the awareness of our stakeholders regarding their respective roles, obligations and responsibilities in ensuring an efficient and fair market.



Cowen Hamilton Secondary School – Over 25 teachers eagerly participated in our outreach session at Cowen Hamilton Secondary School on September 2, 2016. Teachers were thrilled with the session and were very much interested in hosting same for the upper level business and economic students.



Tunapuna Regional Corporation – On August 26, 2016 the Commission hosted an IE outreach session at the Tunapuna Regional Corporation. Staff of the Tunapuna Regional Corporation were grateful for information on the Securities Industry, and saving options for retirement. They encouraged the Commission's return to host IE sessions for younger members of staff.

Investor Education Sessions July - September

The Commission hosted a few Investor Education Sessions this quarter both in Trinidad, and Tobago. The following photos show highlights from these sessions.



Tobago's Financial Fitness Programme - The Division of Finance and Enterprise Development's, Financial Literacy Secretariat, hosted a Financial Fitness programme where the TTSEC contributed to an IE session held on September 15, 2016. Over 60 individuals attended the outreach session in Tobago and eagerly participated in the question and answer session, where several proved quite knowledgeable about their options as potential investors.



National Training Agency - The TTSEC's Investor Education outreach team facilitated a 'train the trainers' session with staff of the National Training Agency on September 27, 2016.



Fire Service (Piarco Division) – The TTSEC's Investor Education outreach team facilitated an outreach session for the Trinidad and Tobago Fire Service (TTFS), Piarco Division in July. This is the first in a series of outreach sessions to be held with various Divisions of the TTFS.

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