



# The Legal Framework for the Regulation of the Securities Industry in Trinidad and Tobago

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# The Legislative Framework

- The TTSEC was established in 1997 by the Securities Industry Act, 1995 (SIA 1995)
- The SIA 1995 was later replaced by The Securities Act, 2012 (SA 2012) which came into force in December 2012.
- The Securities (Amendment) Act, 2014 was assented to on September 10, 2014

Salient changes were made to sections of the Securities Act 2012 dealing with:

- Forms
- Offences
- Solicitation of expressions of interest
- Limited offerings
- Concept of “location of Trade”



# TTSEC Subsidiary Legislation

**The proposed Securities (General) By-Laws, 2014 (the “New By-Laws”)** Pursuant to the Act, the Commission has drafted New By-Laws which were laid in Parliament on 17<sup>th</sup> April 2015 and will become effective subject to 40 days’ negative resolution.

The New By-Laws expand upon certain requirements and procedures contained in the SA 2012 in relation to:

- The requirements that must be met to be registered under the Act;
- The disclosure obligations applicable to reporting issuers and other registrants;
- The internal operations of the Commission and the operations of self-regulatory organizations;
- Business conduct and practices required of registrants and self-regulatory organizations; and
- Standards of conduct for auditors of registrants.



# Structure of the TTSEC

## KEY DIVISIONS:

1. Disclosure, Registration and Corporate Finance;
2. Market Regulation and Surveillance;
3. Compliance and Inspections;
4. Legal Advisory and Enforcement;
5. Corporate Communications, Education and Information;
6. Policy, Research and Planning; and
7. Information Management.

We also have an HR Department and Internal Audit Department.

# Registration Requirements

## Who needs to be registered?

- 1. Self-Regulatory Organizations (including Stock Exchange and Central Depository)
- 2. Broker-dealers
- 3. Investment advisers
- 4. Underwriters
- 5. Registered Representatives (of broker-dealers, investment advisers and underwriters).
- 6. Reporting Issuers (of securities).



# Registration of Securities

Section 62 of the Act provides that any security which is to be distributed or listed with any securities exchange must first be registered with the Commission.

Exceptions include:

- (a) Limited offerings.
- (b) Debt Securities issued by the Government of Trinidad and Tobago (except Treasury Bills or Treasury Notes).

*NOTE- Securities registered under the Former Act are deemed to be registered under the SA 2012.*



# Disclosure Requirements

- Information must be accurate, relevant and timely.
- Full true and plain disclosure with respect to an issuer of securities and/or the security itself, including:
  - Prospectuses/Information Circulars
  - Audited Financial Statements
  - Interim Financial Statements – now required quarterly
  - Annual Reports
  - Annual updates on registration
  - Material Changes



# Monitoring of the Securities Industry

One of the functions of the Commission as set out in our Act is to – *conduct such inspections, reviews and examinations of self-regulatory organizations, broker-dealers, registered representatives, underwriters, issuers and investment advisers as may be necessary for giving full effect to this Act.*

*This function is fulfilled by the TTSEC's Compliance and Inspection (C&I) Division which was established in January 2014 and which conducts inspections with a view to:*

- Ensuring registrants are operating in compliance with the SA2012 and other subsidiary legislation (By-laws, Guidelines etc);
- Identifying compliance problems and areas of emerging risk; and
- Examining allegations of improper practices





# Risk-Based Approach in C&I

The Commission has adopted a **Risk Based Supervisory Methodology** as suggested by the International Organization of Securities Commissions (IOSCO). This methodology encompasses identifying, measuring, assessing the risks of registrants and determining the adequacy of the controls implemented.

In adopting this risk-based approach in its inspection process, the Commission focuses on gathering general information on:

- the number and size of entities registered to operate in the market;
- structure and operations;
- the lines of business (products, types of funds);
- the type of investors who are customers/clients; or
- material changes in the business operations of a firm, products offered, customer base, etc.



# Market Regulation and Surveillance

- The TTSEC also has a duty under our legislation to – *maintain surveillance over the securities industry and ensure orderly, fair and equitable dealings in securities.*
- This function is carried out by our **Market Regulation and Surveillance Division** which engages in the following activities:
  - Trading Surveillance
  - Market Surveillance
  - Ensuring adherence to continuous disclosure requirements
  - Complaints Processing
  - Conducting inquiries into unregistered persons/entities
  - Conducting investigations
  - Processing de-listing applications
  - Reviewing any proposed amendments to an SRO's rules



# Key Stakeholders/Collaborations

TTSEC's mandate is to regulate the securities sector in order to do so it works closely with:

1. The **Central Bank of Trinidad and Tobago** (which regulates the banking, insurance, pensions and credit union sectors);
2. The **Financial Intelligence Unit of Trinidad and Tobago** (responsible for overall AML/CFT administration);
3. Self-Regulatory Organizations especially the **Trinidad and Tobago Stock Exchange**.
4. **Registrant Associations** - The Securities Dealers Association and the Mutual Funds Association of Trinidad and Tobago.
5. **The Investing Public** (TTSEC conducts investor education sessions with any groupings which make a request for same e.g. schools and NGOs).

# International Collaboration and Information Sharing

- The TTSEC has signed MoUs with:  
**CGSR & IOSCO**  
under which it can share information and provide assistance to Sister Regulators who are also signatories of these MoUs.
- The TTSEC will generally assist an Overseas Authority (“OA”) and/or Person (including a body corporate, association etc.) in the exercise of its regulatory functions including:
  - the **conduct of civil and administrative proceedings** to enforce laws administered by that OA or Person.
  - **criminal investigations or prosecutions of a charge** which pertains to the contravention of laws and regulations administered by that OA or Person.
- The TTSEC may also assist self-regulatory organisations with surveillance and enforcement activities of their members.

# AML/CFT Regulatory Framework in Trinidad & Tobago

## Current Legislation:

1. Proceeds of Crime Act, 2000.
2. Anti-Terrorism Act.
3. Financial Intelligence Unit of Trinidad and Tobago Act, 2009.

**NEW DEVELOPMENT** - The *Miscellaneous Provisions (Proceeds of Crime, Anti-Terrorism and Financial Intelligence Unit of Trinidad and Tobago) Act 2014* came into force in October 2014 and the **Financial Obligations Regulations** were amended in December 2014.

These pieces of legislation made substantial amendments to all three of the major AML-CFT Laws (listed above) in order to bring them in line with the 2012 Financial Action Task Force Recommendations.

Regulatory Bodies: The main regulator for AML-CFT matters in Trinidad and Tobago is the **Financial Intelligence Unit (FIU)** which was established by a 2009 Act of Parliament.

**TTSEC's ROLE** – The TTSEC is the Supervisory Authority for the securities sector and we have our own AML/CFT Guidelines since 2011 (which are currently being updated). We also signed an MoU with the FIU in MAY 2014.



# Updates on other Legislation relative to the financial sector in T&T

- **The Bankruptcy and Insolvency Act, 2007**

This Act came into operation in May 2014 which substantially reforms the bankruptcy/insolvency laws in Trinidad and Tobago. We are in the process of drafting an MoU with the Office of the Supervisor of Insolvency which was established under this Act.

- **The Insurance Bill, 2013**

This Bill seeks to reform the law relating to insurance companies. This Bill is currently being considered by the Parliament of Trinidad and Tobago.



# Thank You.



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