

**SECURITIES INDUSTRY ACT**

**CHAPTER 83:02**

**Act**

**32 of 1995**

Amended by

39 of 2000

21 of 2005

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*L.R.O. 1/2009*

**LAWS OF TRINIDAD AND TOBAGO**

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**Chap. 83:02**

*Securities Industry*

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**CHAPTER 83:02**

**SECURITIES INDUSTRY ACT**

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## CHAPTER 83:02

## SECURITIES INDUSTRY ACT

32 of 1995. **An Act to repeal and replace the Securities Industry Act, Ch. 83:02 (1980 Rev. Ed.) to establish a Securities and Exchange Commission in Trinidad and Tobago, to provide for the regulation of the security market in Trinidad and Tobago and for connected matters.**

\*[ASSENTED TO 6TH OCTOBER 1995]

## PART I

## PRELIMINARY

- Short title. **1.** This Act may be cited as the Securities Industry Act.
- Commencement. [76/1997]. **2.** This Act came into operation on 25th April 1997.
- Interpretation. **3.** (1) In this Act—  
 “associate”, where used to indicate a relationship with any person, means—
- (a) an issuer of which the person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than ten per cent of the voting rights attached to outstanding securities of the issuer—
    - (i) under all circumstances; or
    - (ii) by reason of the occurrence of an event that has occurred and is continuing;
  - (b) a partner of the person acting on behalf of the partnership of which they are partners;
  - (c) a trust or estate in which the person has a substantial beneficial interest or in respect of which he serves as a trustee or in a similar capacity;
  - (d) a spouse or child of the person; and
  - (e) any other relative of the person or of his spouse if that relative has the same residence as the person;

\*See section 2 for date of commencement.

“association of securities companies” means an organisation of securities companies that—

- (a) supervises its members to ensure compliance with this Act;
- (b) regulates the conduct of its members or of any other person in the securities market; or
- (c) regulates the entry of any person into, or the prices for services in, the securities market;

“beneficial ownership” includes ownership through a trustee, legal representative, agent or other intermediary;

“broker” means a person engaged in the business of effecting transactions in securities for the account of others;

“bye-law” means a bye-law made by the Commission under section 131;

“call” means an option to demand delivery of a specified number or amount of securities at a fixed price within a specified time, but does not include an option or right to acquire securities of the issuer, or an affiliate of the issuer, that granted the option or the right to acquire;

“clearing agency” means a person that—

- (a) maintains records of trades of securities for the purpose of settling claims for money and securities;
- (b) maintains records of transfers and pledges of securities for the purpose of permitting securities to be transferred by record entry;
- (c) holds security certificates deposited with it for the purpose of permitting securities to be transferred by record entry; or
- (d) performs any combination of two or more functions referred to in paragraphs (a) to (c), but does not include a securities company or financial institution acting exclusively in the ordinary course of its customary business unless the Commission prescribes otherwise;

“Commission” means the Trinidad and Tobago Securities and Exchange Commission established under section 4;

“control”, in relation to an issuer means the power of a person or persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, to secure by means of—

- (a) the holding of shares or the possession of voting power in or in relation to that issuer; or
- (b) any other power conferred by the articles of incorporation or other document regulating the issuer, that the business and affairs of the issuer are conducted in accordance with the wishes of such person or persons;

“Court” means the High Court;

“dealer” means a person engaged in the business of buying and selling securities for his own account who holds himself out, at all normal times, as willing to buy and sell securities at prices specified by him;

“distribution”, where used in relation to trading in securities, means—

- (a) a sale of a security by or on behalf of the issuer of the security that has not been previously issued;
- (b) a sale of a previously issued security purchased from the issuer or an underwriter of the security, other than a security of a reporting issuer that was purchased by a seller less than one hundred and eighty days before the sale, or such other period as the Commission may prescribe;
- (c) a sale of a previously issued security from the holdings of a person or prescribed group of persons if the aggregate holding of the securities of that class by that person or group—
  - (i) enables the person or group to exercise control over the management and policies of the issuer in any manner; or
  - (ii) exceeds twenty per cent of the outstanding voting securities of the issuer;

(d) a sale of previously issued securities from the holdings of a sophisticated purchaser as defined in section 67 or of a prescribed group of persons if the aggregate number or amount of securities exceeds the number or amount prescribed by the Commission,

and includes a trade involving a purchase and sale, or repurchase and resale, of a security in the course of, or incidental to, a sale of securities mentioned in paragraphs (a) to (d);

“equity security” means a security carrying voting rights—

(a) under all circumstances; or

(b) by reason of the occurrence of an event that has occurred and is continuing,

and includes a right, other than a call, to acquire such a security;

“expert” means a lawyer, engineer, accountant, valuator or any other person whose profession or reputation gives authority to a statement made by him;

“file” means file with the Commission;

“filing” means the submission of a document or instrument to the Commission pursuant to a requirement of this Act, other than the submission of a document or instrument pursuant to an investigation;

“financial institution” means a company licensed under the Financial Institutions Act;

Ch. 79:09.

“former Act” means the Securities Industry Act repealed by this Act;

Ch. 83:02.  
(1980 Rev. Ed.)

“former Stock Exchange” means the Trinidad and Tobago Stock Exchange established under the former Act;

“free capital” means capital which is unencumbered and which is separately held in such form, and only for such purposes, as the Commission may prescribe;

“insider” means—

(a) an issuer in respect of its securities;

(b) an affiliate of an issuer;

- (c) a director, officer or employee of an issuer;
- (d) a person who beneficially owns more than ten per cent of the equity securities of an issuer or who exercises control or direction over more than ten per cent of the votes attached to the securities of an issuer;
- (e) any other person whose relationship to the issuer gives him access to a material confidential fact; and
- (f) a person who is informed of a material confidential fact by a person described in paragraphs (a) to (e) and who has knowledge that the informant is an insider;

“investment adviser” means a person engaging in, or holding himself out as engaging in the business of advising another with respect to investment in, or the purchase or sale of, securities;

“issuer” means a person that has securities outstanding or issues, or proposes to issue, a security to the public;

“market actor” means a person registered or deemed to be registered under section 53;

“material change”, where used in relation to the affairs of an issuer, means a change in the business operations, assets or ownership of the issuer that would reasonably be expected to have a significant effect on the market price or value of the securities of the issuer and includes a decision to implement such a change made by the directors of the issuer;

“material fact”, where used in relation to securities issued or proposed to be issued, means a fact that significantly affects or could reasonably be expected to significantly affect the market price or value of those securities;

“Minister” means the Minister to whom responsibility for Finance is assigned;

“misrepresentation” means—

- (a) an untrue statement of a material fact; or

(b) an omission to state a material fact that is required to be stated or is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it is made;

“offer to the public”, in relation to any security, means any offer to the public at large or to any section of the public, whether selected as clients of persons issuing the prospectus or in any other manner by way of advertisement or other form of solicitation, but does not include an offer by an offeror who is not a registered issuer under this Act where the offer is made to fewer than thirty-five persons and the offer can be regarded as not being calculated to result directly or indirectly in the securities becoming available for subscription or purchase by persons other than those receiving the offer or invitation, or otherwise as being a matter of domestic concern of the persons making and receiving it;

“order” means, unless a contrary intention appears, an order of the Commission or a self-regulatory organisation;

“participant” means a person who receives services from a clearing agency other than exclusively—

- (a) through another person who is a participant; or
- (b) as a—
  - (i) pledgee;
  - (ii) judgment creditor; or
  - (iii) beneficial owner,

for whom a blocked account has been established;

“prescribe” means prescribe by bye-laws of the Commission;

“public company” means a company any of whose issued shares or debentures are or were part of a distribution, or an offer, to the public;

“public information” means information which is disclosed—

- (a) in a filing;
- (b) by means of a press release; or
- (c) by means of another form of publicity that is likely

to bring it to the attention of a reasonable investor, within a reasonable time for it to be generally disseminated to investors or within such time as the Commission may prescribe;

“purchase” includes—

- (a) any purchase or acquisition of a security for valuable consideration, whether the terms of payment are on margin, instalment or otherwise;
- (b) any act, advertisement, conduct or negotiation directly or indirectly in furtherance of any of the foregoing,

but does not include a transfer, pledge or encumbrance of securities for the purpose of giving collateral for a *bona fide* debt;

“put” means an option transferable by delivery to deliver a specified number or amount of securities at a fixed price within a specified time;

“records” means—

- (a) accounts, correspondence, memoranda and any other data or information relating to the property or affairs of a person; or
- (b) data or information prepared or maintained in a bound or loose leaf form or in a photographic film form or entered or recorded by any system of mechanical or electronic data processing or any other information storage device that is capable of reproducing any required information in intelligible written or other visual form within a reasonable time;

“registrant” means a person registered under this Act;

“relative”, in relation to a person, means—

- (a) a spouse or child;
- (b) a parent, grandparent, brother, sister or the spouse of such person;
- (c) a son-in-law or a daughter-in-law; or
- (d) a stepchild;

“reporting issuer” means an issuer that has filed a registration statement under section 64 and has not been the subject of an order of the Commission altering its status as a reporting issuer;

“right to acquire a security” means—

- (a) a security currently convertible into another security;
- (b) a security carrying a warrant or right to acquire another security; or
- (c) a currently exercisable option, warrant or right to acquire another security or security specified in paragraph (a) or (b);

“sale” includes—

- (a) any sale or disposition of a security for valuable consideration, whether the terms of payment are on margin, installment, or otherwise;
- (b) any act, advertisement, conduct or negotiation directly or indirectly in furtherance of any of the foregoing,

but does not include a transfer, pledge or encumbrance of securities for the purpose of giving collateral for a *bona fide* debt;

“Secretary” means the Secretary appointed under section 24;

“securities company” means a company which carries on a business of trading in securities on behalf of others and, without limiting the generality of the foregoing, includes a company which carries on business as—

- (a) a broker;
- (b) a dealer;
- (c) an underwriter;
- (d) an adviser as to the value of securities or as to investing in purchasing or selling securities; or
- (e) any combination of two or more of the foregoing;

“securities exchange” means a person who maintains or provides—

- (a) physical facilities where persons may meet to execute trades in securities; or
- (b) a mechanical, electronic or other system that facilitates execution of trades in securities by matching offers of purchase and sale and includes a securities exchange, a clearing agency and an association of securities companies, and includes the Stock Exchange;

“securities register” means a record or records maintained by or on behalf of an issuer in which the securities issued by it are recorded showing with respect to each class or series of securities—

- (a) the name and address of each security holder of the issuer;
- (b) the number of securities held by each security holder; and
- (c) the date and particulars of the issue and transfer of each security;

“security” means any document evidencing ownership or any interest in the capital or debt, property, profits, earnings or royalties of any enterprise or proposed enterprise and, without limiting the generality of the foregoing, includes any—

- (a) bond, debenture, note or other evidence of indebtedness;
- (b) share, stock, unit, unit certificate, participation certificate or certificate of share or interest;
- (c) instrument commonly known as security;
- (d) instrument or document constituting evidence of any interest or participation in—
  - (i) a profit sharing agreement;
  - (ii) a trust;
  - (iii) an oil, natural gas or mining lease, claim or royalty or other mineral right; or

(e) right to acquire or dispose of anything specified in paragraphs (a) to (d),

but does not include—

(f) currency;

(g) a cheque, bill of exchange or bank letter of credit;

(h) a certificate or document constituting evidence of any interest in a deposit account with—

(i) a financial institution;

(ii) a credit union within the meaning of the Co-operative Societies Act;

Ch. 81:03.

(iii) an insurance company;

(i) a contract of insurance issued by an issuer;

“self-regulatory organisation” means an association of securities companies, a clearing agency or a securities exchange and includes the Stock Exchange;

“senior officer” means—

(a) the chairman or vice-chairman of the Board of Directors, the managing director, the deputy managing director, the president, the vice-president, the secretary, the treasurer, the financial controller, the general manager or the deputy general manager of a company or any other individual who performs functions for an issuer similar to those normally performed by an individual occupying any such office; and

(b) each of the five highest paid employees of an issuer, including any individual referred to in paragraph (a);

“Stock Exchange” means the Trinidad and Tobago Stock Exchange Limited being a company incorporated under the Companies Act;

Ch. 81:01.

“subsidiary” means an issuer that is owned or controlled by another issuer;

“trade” or “trading” includes—

(a) any sale or purchase of a security;

- (b) any participation as a dealer, trader, broker, underwriter or agent in any transaction in a security;
- (c) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any activity referred to in paragraphs (a) to (b);

“trader” means an individual employed by a broker to participate in any transaction in securities;

“underwriter” means a person who—

- (a) as principal, agrees to purchase a security for the purpose of a distribution;
- (b) as agent, offers for sale or sells a security in connection with a distribution; or
- (c) participates directly or indirectly in a distribution described in paragraph (a) or (b) for consideration,

but does not include—

- (d) a person whose interest in the transaction is limited to receiving the usual and customary distribution or sales commission payable by an underwriter or issuer; or
- (e) a company that purchases shares of its own issue and resells them;

“voting security” means a security carrying voting rights—

- (a) under all circumstances; or
- (b) by reason of the occurrence of an event that has occurred and is continuing,

and includes a right, other than a call, to acquire such a security.

(2) For the purposes of this Act—

- (a) an issuer is affiliated with another issuer if one of them is the subsidiary of the other, or both are subsidiaries of the same body corporate, or each of them is controlled by the same person; and
- (b) if two issuers are affiliated with the same body corporate at the same time, they are affiliated with each other.

**PART II**

**THE SECURITIES AND EXCHANGE COMMISSION**

**DIVISION 1—ESTABLISHMENT, FUNCTIONS AND POWERS**

**4.** There is hereby established a body corporate to be known as “the Trinidad and Tobago Securities and Exchange Commission”.

Establishment  
of the  
Commission.

**5.** The functions of the Commission are to—

Functions of the  
Commission.

- (a) advise the Minister on all matters relating to the securities industry;
- (b) maintain surveillance over the securities market and ensure orderly, fair and equitable dealings in securities;
- (c) register, authorise or regulate, in accordance with this Act, self-regulatory organisations, securities companies, brokers, dealers, traders, underwriters, issuers and investment advisers, and control and supervise their activities with a view to maintaining proper standards of conduct and professionalism in the securities business;
- (d) protect the integrity of the securities market against any abuses arising from the practice of insider trading;
- (e) create and promote such conditions in the securities market as may seem to it necessary, advisable or appropriate to ensure the orderly growth and development of the capital market.

**6.** For the purpose of the discharge of its functions the Commission has power, subject to this Act, to—

Powers of the  
Commission.

- (a) deal with such matters as may be referred to it by any person registered with the Commission under this Act, from time to time;
- (b) formulate principles for the guidance of the securities industry;

- (c) monitor the solvency of the registrants and take measures to protect the interest of customers where the solvency of any such registrant is in doubt;
- (d) adopt measures to supervise and minimise any conflict of interests that may arise in the case of brokers or dealers;
- (e) review, approve and regulate takeovers, amalgamations and all forms of business combinations in accordance with this Act or any other written law in all cases in which it considers it expedient or appropriate to do so;
- (f) approve the contents of prospectuses, offering circulars or any form of solicitation, advertisement or announcement by which securities are offered for sale to the public;
- (g) take action against persons registered under this Act for failing to comply therewith;
- (h) undertake such other activities as are necessary or expedient for giving full effect to this Act;
- (i) do all things which may be necessary or expedient or are incidental or conducive to the discharge of any of its functions and powers under this Act.

(2) Where the Commission takes any disciplinary action against a financial institution or an employee of any such institution, the Commission shall forthwith inform the Inspector of Banks of the disciplinary action so taken.

Delegation of powers.

**7. (1)** The Commission may, by Order, delegate any power or function conferred on it by this Act, except the powers to make bye-laws and to hear appeals, to any self-regulatory organisation registered with the Commission under this Act or to any senior officer of the Commission.

(2) A delegation pursuant to subsection (1) shall not preclude the exercise by the Commission of any power, duty, function or responsibility so delegated.

(3) All decisions made, and minutes of all meetings held, by a delegatee under subsection (1) shall be recorded in writing.

(4) A delegatee shall forthwith notify the Commission of every decision made by him.

(5) The Commission may, on its own motion, review a decision made by a delegatee and where it intends to do so, the Commission shall, within thirty days of the decision, notify the delegatee and the person directly affected by the decision of the date, time and venue of the hearing to review the decision.

(6) A person aggrieved by a decision of a delegatee may, within fourteen days of the decision, apply to the Commission for a review of that decision.

(7) Within seven days of the receipt of an application under subsection (6), the Commission shall notify the applicant and the delegatee of the date, time and venue of the hearing to review the decision.

(8) Pending the review of a decision, the Commission may, on the application *ex parte* of the applicant, grant a stay of the decision under review and shall notify forthwith the delegatee of any stay so granted.

(9) Upon reviewing the decision, the Commission may vary or confirm the decision under review or make such other decision as it considers proper.

**8.** (1) The seal of the Commission shall be kept in the custody of the Chairman or the Secretary, as the Commission may determine, and may be affixed to instruments in the presence of the Chairman and of the Secretary.

Custody and use of seal.

(2) The seal of the Commission shall be attested by the signature of the Chairman and the Secretary.

(3) All documents other than those required by law to be under seal, made by, and all orders and decisions of the Commission may be signified under the hand of the Chairman or the Secretary.

(4) Service upon the Commission of any notice, order or other document shall be effected by delivering the same, or by sending it by registered post addressed to the Secretary at the office of the Commission.

(5) Subject to section 9(4), the functions of the Chairman under this section may, in the event of his absence or inability, be performed by a Commissioner authorised by the Commission to act in that behalf.

#### DIVISION 2 — MEMBERSHIP

Constitution of  
Commission.  
[21 of 2005].

**9.** (1) The Commission shall consist of, not more than seven nor less than three individuals (hereafter referred to as “Commissioners”) who shall be appointed by the President.

(2) The Commissioners shall be selected from among persons who appear to the President to have wide experience and ability in legal, financial, business or administrative matters, one of whom shall be an Attorney-at-law of at least ten years standing.

(3) Upon the commencement of this Act, the President shall appoint all the Commissioners and shall appoint one of their number to be its Chairman.

(4) Where a Commissioner is by reason of illness, absence from the country or otherwise, unable to perform his functions as a Commissioner, or where an office of Commissioner is vacant, the President may appoint a temporary Commissioner to act in place of that Commissioner during his illness, absence or incapability, or until the office is filled, as the case may be.

(5) A temporary Commissioner shall have qualifications similar to those of the Commissioner for whom he is appointed to act.

Disqualification  
for appointment.

**10.** (1) A person shall not be appointed or continue as Commissioner if directly or indirectly, as owner, security holder, director, officer, partner, employee or otherwise, he—

(a) is engaged in the securities business; or

(b) has a material pecuniary or proprietary interest in—

(i) a securities company; or

(ii) a self-regulatory organisation.

(2) If an interest mentioned in subsection (1)(b) vests in a Commissioner by gift or will or succession for his own benefit, he shall forthwith disclose the interest to the Chairman and shall within three months thereafter absolutely dispose of the interest.

(3) A person who is appointed Commissioner or General Manager under this Act shall, forthwith after the appointment, declare every interest he has in any security and thereafter he shall not, while holding office as Commissioner or General Manager, as the case may be—

- (a) in the case of the General Manager, engage in any other business, vocation or employment other than that of serving as General Manager; or
- (b) participate, directly or indirectly, in any stock market operation or transaction in which he has a material interest and which is subject to regulation by the Commission pursuant to this Act.

(4) A person who contravenes subsection (3) is liable on summary conviction to a fine of fifty thousand dollars and to imprisonment for six months.

**11.** (1) Subject to this section, the Chairman and the other Commissioners shall hold office for three years but shall be eligible for reappointment. Term of office.

(2) The Chairman of the Commission may resign his membership by notice in writing addressed to the President.

(3) A Commissioner other than the Chairman, may at any time resign his membership by notice in writing addressed to the President and transmitted through the Chairman.

(4) A Commissioner may be removed from membership of the Commission by the President where he—

- (a) becomes a person of unsound mind;
- (b) is absent from three consecutive meetings of the Commission without the permission of the Minister or reasonable cause;
- (c) is guilty of misconduct in relation to his duties as a Commissioner;

- (d) is sentenced to imprisonment without the option of a fine or is convicted of an offence involving dishonesty;
- (e) is declared bankrupt in accordance with the law of Trinidad and Tobago or any other country;
- (f) in the case of a person possessed of professional qualifications, is disqualified or suspended, otherwise than at his own request, from practising his profession in Trinidad and Tobago or in any other country by an order of any competent authority made in respect of him personally;
- (g) is unable to perform his functions because of illness or for any other reason;
- (h) contravenes this Act or any bye-law.

Remuneration  
of  
Commissioner.

**12.** A Commissioner shall be paid such remuneration and allowances in respect of his office as the President may determine from time to time.

Protection of  
Commissioners,  
employees or  
agents.

**13.** No action or other proceeding for damages shall be instituted against a Commissioner or an employee or agent of the Commission for an act done in good faith in the performance of a duty or in the exercise of a power under this Act.

Confidentiality.

**14.** (1) No Commissioner and no person employed or retained by the Commission shall make use of any confidential information obtained as a result of his relationship with the Commission for his own benefit or advantage.

(2) No person specified in subsection (1) shall disclose confidential information obtained as a result of his relationship with the Commission to any person other than—

- (a) an official or employee of the Government of Trinidad and Tobago; or
- (b) the duly authorised representative of the Government of another country,

in connection with the enforcement of this Act or similar legislation.

(3) A person who receives confidential information from a person specified in subsection (1) is subject to the provisions of this section as if he were a person specified in subsection (1).

(4) A person who contravenes subsection (1) or (2) is guilty of an offence and liable on summary conviction to a fine of fifty thousand dollars and to imprisonment for twelve months.

**DIVISION 3 — PROCEEDINGS OF THE COMMISSION**

**15.** (1) The Commission shall ordinarily meet for despatch Meetings. of business at such times and places as the Chairman may decide but shall meet at least once in every two months.

(2) The Chairman shall at the request in writing of not less than two Commissioners, call an extraordinary meeting of the Commission within seven days of the receipt of such request.

(3) Subject to subsection (4), the Chairman shall preside at every meeting of the Commission and in his absence the Commissioner designated by the Chairman shall preside at the meeting.

(4) Where no Commissioner is so designated the members of the Commission present shall elect one of their number to preside at the meeting.

(5) The quorum at every meeting of the Commission shall be three.

(6) All questions proposed at a meeting of the Commission shall be determined by a simple majority of the Commissioners present and voting and where the votes are equal the Chairman or the Commissioner presiding shall have a second or casting vote.

(7) The Commission may request the attendance of any person to act as adviser at any of its meetings but such person shall not vote on any matter for decision by the Commission.

**16.** (1) Subject to subsection (3), where under this Act or any Committees. other written law the Commission is empowered or required to perform any function, the Commission may by resolution appoint, for the purpose of doing any thing required or deemed expedient

or necessary for the purpose of performing such function, a committee of the Commission and the performance by the committee of any such thing shall be deemed to be done and performed by the entire Commission.

(2) Without prejudice to the generality of subsection (1) and subject to subsection (3), where any function which requires an investigation, hearing, adjudication or decision which might lead to the taking of any disciplinary measure against any person or the imposition of any penalty or order for the payment of any money by or to any person, is by this Act assigned to the Commission, such investigation or hearing may be conducted by a committee appointed under this section and shall be fully, duly and validly conducted as if conducted by the entire Commission.

(3) A committee appointed under this section shall, upon the completion of the function for which it was so appointed, report in writing to the Commission thereon and the performance by the committee of that function and any act or thing done by it in relation thereto shall be complete and shall be a decision or due exercise by the Commission of the function in question when, and not before, the Commission by resolution adopts the recommendation or the decisions by the committee, whereupon that function shall be deemed to have been performed by the Commission itself.

Minutes.

**17.** (1) Minutes, in proper form, of each meeting of the Commission, or a committee thereof, shall be kept under the direction of the Secretary.

(2) All decisions, resolutions, orders, rules and bye-laws made by the Commission or a committee thereof, as the case may be, shall be recorded in the minutes.

(3) The minutes shall be confirmed at the next meeting of the Commission, or the committee, as the case may be and a copy of the minutes both when prepared and confirmed shall, in the case of a committee, be forwarded to the Commission.

(4) The Minister is entitled, upon request, to have access to the minutes of the Commission or a committee thereof, and to receive from the Commission a copy of any of those minutes.

**18.** (1) A Commissioner who is in any way, whether directly or indirectly, interested in a matter before the Commission shall declare his interest to the Commission. Declaration of interest.

(2) The Commission, excluding the Commissioner whose interest is being considered, shall determine whether this interest is sufficiently material as to constitute a conflict of interest.

(3) In the event that the Commission finds that the interest is such as to constitute a conflict of interest the Commissioner shall not take part in any deliberations on that matter, and shall leave the room during such deliberations.

(4) For the purposes of this section, a Commissioner shall be deemed to have an interest in a matter if he, or his spouse, or his nominee, is a shareholder or partner in, or an officer of, a company or other body of persons having an interest or being involved in a matter before the Commission.

(5) Any person who fails to comply with subsection (1) is liable on summary conviction to a fine of ten thousand dollars, unless he proves that he did not know that he had an interest in the matter which was the subject of consideration at the meeting.

**19.** (1) The Commission shall consult and co-operate with the Central Bank or any other agency that exercises regulatory authority under a written law over a financial institution, insurance company or other body in order to minimise duplication of effort and to maximise the protection of investors. Consultation with Central Bank and other agencies.

(2) The Commission may co-operate with an agency of a foreign government in connection with the investigation of a contravention of this Act or any similar written law whether the activities in question occurred in or outside of Trinidad and Tobago.

(3) The Commission may co-operate in the work of national, regional or international organisations dealing with the regulation of securities markets.

**20.** (1) The Commission shall within four months of the end of the financial year send an annual report to the Minister who shall cause it to be laid in Parliament within thirty days after he receives it or, if Parliament is not then sitting, on any of the first thirty days thereafter that Parliament is sitting. Annual report.

(2) Copies of an annual report shall be available to the public on or before the expiration of fourteen days after it is required to be laid in Parliament under subsection (1).

Regulation of  
business.

**21.** (1) Subject to subsection (2), the Commission may make rules—

- (a) respecting the calling of and conduct of business at meetings of the Commission;
- (b) respecting procedures for the initiation and holding of hearings by the Commission;
- (c) prescribing the procedure for appeals and review of orders of its delegates and self-regulatory organisations;
- (d) with the approval of the Minister, establishing a code of conduct governing the activities of Commissioners and the officers and employees of the Commission in order to avoid conflicts of interest and other practices that the Commission considers undesirable;
- (e) respecting any other matter, whether or not required by this Act, relating to the organisation, procedure, administration or practice of the Commission.

(2) As soon as practicable after the making of any rule or amendment under subsection (1), the Commission shall forward to the Minister a copy of the rule or amendment and where the Minister objects to any rule or amendment, the Commission shall revoke or amend that rule or amendment in accordance with the directions of the Minister.

#### DIVISION 4 — STAFF

Appointment of  
General  
Manager and  
Chief Executive  
Officer.

**22.** (1) The Commission shall appoint a General Manager who shall hold office on such terms and conditions as the Minister shall approve.

(2) The Commission may, with the approval of the Minister, appoint the Chairman or the General Manager as its Chief Executive Officer.

**23.** (1) The Commission may appoint, on such terms and conditions as the Minister shall approve, an expert to assist it in any manner that it considers necessary.

Appointment of experts.

(2) Where the Commission appoints an expert to advise it on the development of specific policies, bye-laws or other regulatory proposals of the Commission or a self-regulatory organisation, the expert shall formulate and report his views to the Commission in writing and the Commission may, if it thinks fit, make it available to the public.

**24.** The Commission may appoint, at such remuneration and on such terms and conditions as the Minister shall approve, a Secretary and such other officers and employees as it considers necessary or appropriate for the efficient performance of its functions.

Appointment of other staff.

**25.** (1) An officer in the public service or in the service of a statutory authority may, with the approval of the appropriate Service Commission and the Commission, consent to be appointed on transfer to the service of the Commission.

Transfer of officers to the public service and vice versa.

(2) The officer shall, upon transfer, have preserved his superannuation or pension rights accruing at the time of the transfer.

**26.** (1) An officer or employee in the public service, a statutory authority, any public or private body, national or international or the Commission may, with the consent of the Commission and with the approval of the appropriate Service Commission or the relevant body, consent to be transferred on secondment to the service of the Commission, or from the service of the Commission to the public service or a statutory authority or other body, as the case may be.

Transfer on secondment.

(2) Where a transfer on secondment is effected, such arrangements as may be necessary shall be made to preserve the rights of the officer or employee transferred to any pension, gratuity or other allowance for which he would have been eligible had he not been transferred.

## DIVISION 5 — FINANCIAL PROVISIONS

Funds and  
resources of the  
Commission.

**27.** The funds and resources of the Commission shall consist of—

- (a) such sums as may be appropriated by Parliament;
- (b) all fees and other sums from time to time falling due to the Commission in respect of its operations;
- (c) all other sums or property that may in any manner become payable in any matter incidental to its functions and powers.

Financial  
powers.

**28.** For the purpose of carrying out its functions, the Commission may, with the prior approval, in writing, of the Minister—

- (a) charge fees for any service provided; or
- (b) charge registration fees; or
- (c) charge fees for transactions effected on a self-regulatory organisation.

Application of  
funds.

**29.** The funds of the Commission shall be applied in defraying the following expenditure:

- (a) the remuneration, fees and allowances of the members of the Commission;
- (b) the salaries, fees, allowances, advances, loans, gratuities, pensions and other payments to the staff of the Commission;
- (c) the capital and operating expenses, including maintenance and insurance of any property of the Commission;
- (d) any other expenditure authorised by the Commission in the discharge of its functions and contractual obligations.

Cash deposits  
and payments.

**30.** (1) All moneys of the Commission accruing from its operations under the Act shall be paid into a bank appointed by the Commission, and such money shall as far as practicable be paid into the bank from day to day.

(2) All payments made out of the funds of the Commission shall be made by the person fixed so to do by the rules made under section 21.

**31.** (1) The Commission shall keep proper books of accounts of— Accounts and audit.

- (a) all monies received and expended by the Commission and shall record the matters in respect of which such monies have been received and expended; and
- (b) the assets and liabilities of the Commission.

(2) Where assets are held upon any special trust, the receipts and expenditure relating to such trust shall be kept in an account separate and apart from all other receipts and expenditure.

(3) All accounts shall be kept in the principal office of the Commission for a period of six years after the last entry therein, and shall be open to inspection by Commissioners and by the auditors.

(4) Within four months after the end of each financial year, the Commission shall cause to be prepared in respect of that year, financial statements which include—

- (a) an account of the revenue and expenditure of the Commission;
- (b) a balance sheet;
- (c) a report setting out the activities of the Commission; and
- (d) such other accounts as the Commission may require.

(5) Accounts prepared in accordance with this section shall—

- (a) be audited by an auditor who is a member of, and in good standing with, the Institute of Chartered Accountants of Trinidad and Tobago and who is appointed by the Commission with the approval of the Minister; and
- (b) be signed by the Chairman and not less than two other Commissioners.

(6) The Secretary shall cause copies of the signed accounts to be sent to every member of the Commission, the auditor and the Minister and the Minister shall cause copies thereof to be laid before Parliament.

(7) The Minister may at any time request the Commission to provide him with information concerning any aspect of its administration of this Act, and the Commission shall provide the information requested within fourteen days.

### PART III

## THE TRINIDAD AND TOBAGO STOCK EXCHANGE AND OTHER SELF-REGULATORY ORGANISATIONS

### DIVISION 1—THE STOCK EXCHANGE

Transfer of property, assets, etc.

**32.** (1) Upon the commencement of this Act, all the property, assets and rights and all the liabilities and obligations to which the former Stock Exchange was, immediately before the commencement of this Act, entitled or subject, are transferred to, vested in and conferred or imposed upon, as the case may be, the Stock Exchange.

(2) A reference in any written law, deed, contract or other document to the former Stock Exchange shall, upon the commencement of this Act, be construed as a reference to the Stock Exchange.

Continuation of legal proceedings.

**33.** Legal proceedings pending immediately before the commencement of this Act by or against the former Stock Exchange may be continued on and after that day by or against the Stock Exchange as the party to the proceedings instead of the former Stock Exchange.

Deemed registration of Stock Exchange.

**34.** The Stock Exchange is deemed to be duly registered under this Act as a self-regulatory organisation.

Rules of the Stock Exchange.

**35.** (1) The rules of the Stock Exchange (hereafter in this section referred to as “the existing rules”) shall upon the commencement of this Act be deemed to be approved by the Commission under this Act subject to such amendments as the Commission may direct in order to bring the existing rules in conformity with this Act.

(2) The existing rules shall be reviewed by the Commission within two years after the commencement of this Act, to determine whether they are in conformity with this Act.

(3) Subject to subsection (1), the Stock Exchange shall not change or amend the existing rules except in accordance with this Act.

#### DIVISION 2—SELF-REGULATORY ORGANISATIONS

**\*36.** (1) No person shall carry on business as a securities exchange or clearing agency or carry on activities as an association of securities companies unless registered as a self-regulatory organisation under this Act.

Registration of self-regulatory organisation. [39 of 2000].

(2) An application for registration pursuant to subsection (1) shall be made to the Commission in the prescribed form and shall be accompanied by such fees as may be prescribed.

*\*(3)* The registration of a person as a self-regulatory organisation shall be valid for a period of one year from the date of registration, and subject to this Act, the Commission may renew the registration of a person annually on the payment of the prescribed fee.

**37.** A person shall not be registered as a self-regulatory organisation unless that person—

Characteristics of self-regulatory organisation.

- (a) proposes to engage in the securities business;
- (b) is a body corporate with its own corporate seal which can sue and be sued;
- (c) is incorporated in Trinidad and Tobago or incorporated in any other State and registered in Trinidad and Tobago;
- (d) has a body of rules for the governance of its members.

**38.** (1) Forthwith after receipt of an application for registration, the Commission shall publish in a daily newspaper circulating in Trinidad and Tobago, a notice inviting any interested person to submit written comments on the application.

Processing of applications.

(2) Subject to subsections (3) and (4), the Commission shall grant an application for registration.

*\*See* section 150.

(3) Subject to subsection (5), the Commission shall refuse an application for registration where—

- (a) the applicant is not organised in a manner or does not have the capacity and resources that enable it to comply with this Act and to enforce compliance by its members and their employees with its rules; or
- (b) the rules of the applicant do not comply with section 39.

(4) The Commission may refuse an application for registration if the applicant or a director or officer of the applicant would be refused registration under Part IV.

(5) Where the Commission grants an application for registration, it may require a change in the rules of the applicant to ensure its fair administration or to make the rules conform to the requirements of, or otherwise further the purposes of, this Act.

(6) In considering whether to grant an application for registration, the Commission shall, in particular, take into account the rules of the applicant that relate to—

- (a) prices, fees or rates charged by members of the applicant for services;
- (b) conditions of entry into the securities market through membership in the applicant or otherwise;
- (c) the structure or form of a member or participant;
- (d) the quantity or quality of services furnished by a member or participant; and
- (e) any type of restraint on competition.

(7) The Commission may, subject to any conditions it may impose, accept a voluntary surrender of a registration.

Obligatory  
rules.

**39.** (1) The rules of an applicant for registration shall contain provisions—

- (a) for the protection of investors and the public interest;
- (b) for fostering co-operation and co-ordination among persons who clear, settle, regulate, process information about and facilitate trades in securities;

- (c) ensuring fair representation of its members in the administration of its affairs;
  - (d) for an equitable allocation of reasonable fees and charges among persons who use its facilities;
  - (e) relating to the disciplining of a member or employee of a member who contravenes its rules or this Act and without prejudice to the generality of the foregoing, may provide for censure, fine, suspension, expulsion, limitation of activities, functions or operations, suspension of or exclusion from employment; and
  - (f) specifying the procedure required by section 43 for disciplinary proceedings, denial of membership, exclusion from employment or denial or limitation of access to services furnished by it or its members.
- (2) Without prejudice to subsection (1), the rules of an applicant for registration as a securities exchange or association of securities companies shall contain provisions designed—
- (a) to prevent deceptive and manipulative acts and practices and to promote fair trading practices and to facilitate an efficient market; and
  - (b) to ensure, subject to section 38(3)(a), that a securities company may become a member of the exchange or association.
- (3) The rules of an applicant for registration as a clearing agency shall contain provisions designed—
- (a) to develop and operate a prompt and accurate clearance and settlement system;
  - (b) to safeguard money and securities in its custody or under its control or for which it is responsible; and
  - (c) to provide, subject to section 43, that a securities company, a financial institution, another clearing agency or a person or class of persons designated by the Commission may become a participant in the clearing agency.

- (4) The rules of an applicant for registration shall not—
- (a) permit unfair discrimination among persons who use its facilities; or
  - (b) restrain competition to an extent not necessary to achieve the objectives specified in subsections (1) to (3).

Procedure on proposed amendment to rules.

**40.** (1) Where a self-regulatory organisation proposes to amend its rules, it shall file with the Commission a copy of the proposed amendment and a concise statement of its substance and purpose.

(2) Forthwith after receipt of a proposed amendment under subsection (1) the Commission shall, subject to subsection (5), publish in a daily newspaper a notice inviting any interested person to submit written comments on the amendment and the cost of the publication shall be borne by the self-regulatory organisation.

(3) Subject to subsection (4), the Commission may make an order approving a proposed amendment to the rules of a self-regulatory organisation.

(4) The Commission may make an order refusing a proposed amendment to the rules of a self-regulatory organisation if—

- (a) the organisation is not organised in a manner and would not have the capacity and resources to enforce compliance with its rules as amended;
- (b) the amended rules would not comply with section 39; or
- (c) the amended rules would be inconsistent with this Act.

(5) Where the Commission determines that a proposed amendment filed pursuant to subsection (1) —

- (a) makes no material substantive change in an existing rule; or
- (b) relates exclusively to the administration of the organisation,

it may approve the amendment without providing an opportunity for a hearing pursuant to section 134.

**41.** (1) The Commission may make an order requiring a change in the rules of a self-regulatory organisation to ensure its fair administration or to make the rules conform to the requirements of, or otherwise further the purposes of, this Act.

Power of Commission to require change in rules.

(2) Where the Commission proposes to make an order pursuant to subsection (1), it shall publish and send to the organisation a notice that complies with section 134(1).

**42.** (1) A self-regulatory organisation shall not require its members to comply with a schedule of commissions or other fees for their services or limit in any way a member's income.

Restriction on imposition of fees schedule.

(2) Nothing in this section shall prevent a self-regulatory organisation from issuing, from time to time, a notice to its members indicating what, in its opinion, is the market price, fee or rate charged for any particular service.

**43.** (1) Subject to subsections (2) and (3), a self-regulatory organisation shall grant an application for membership or for approval as an employee of a member.

Conditions for membership.

(2) A self-regulatory organisation may refuse membership or impose conditions on membership or prohibit or limit access to services furnished by it or its members to a person who—

- (a) lacks the financial responsibility or operational capability required by its rules;
- (b) does not meet the criteria for membership specified in its rules; or
- (c) does not carry on the type of business that its rules require a member to carry on,

but it shall not refuse membership or impose conditions on membership to a person who carries on the type of business required by its rules on the basis of the volume of the required business or any other business that the person carries on.

(3) A self-regulatory organisation may refuse membership to, impose conditions of membership on, prohibit or limit access to services furnished by it or its members by, or prohibit employment by a member or impose conditions on such employment of, a person who—

- (a) lacks the training, experience or competence required by its rules; or
- (b) contravenes this or another similar Act or a rule of a self-regulatory organisation registered under this or another similar Act.

(4) A self-regulatory organisation shall, before refusing membership or imposing conditions on such membership or before approving employment by a member and before disciplining a member or an employee of a member, comply with the procedures specified for orders under section 134(1), (4) to (7) and (8)(a) and (b).

(5) A self-regulatory organisation shall publish a decision disciplining a member or an employee of a member unless the Commission directs otherwise.

(6) Subject to subsection (7), a self-regulatory organisation may, without holding a hearing as required by subsection (4)—

- (a) suspend—
  - (i) a member who has been expelled or is under suspension from; or
  - (ii) an employee of a member who has been excluded or is under suspension from employment by the member by, another self-regulatory organisation that is registered under this or another similar Act;
- (b) suspend a member if the organisation reasonably believes it necessary for the protection of investors, creditors, members or the organisation because of financial or operational difficulties of the member;

- (c) suspend a participant who is in default of delivery of money or securities to a registered clearing agency; and
- (d) prohibit or limit access to services furnished by it or its members to a person—
  - (i) to whom paragraph (a), (b) or (c) applies;
  - (ii) who does not meet the criteria for access specified in its rules; or
  - (iii) where such action is necessary for the protection of investors, creditors, members or the organisation.

(7) Where a self-regulatory organisation acts in accordance with subsection (6), the organisation shall provide an opportunity for such a hearing within fifteen days of its decision and the suspension, prohibition or limitation shall remain in effect until the hearing is completed.

**44.** (1) Where a self-regulatory organisation makes a decision under section 43 refusing membership or imposing conditions on membership or prohibiting employment by a member or imposing conditions on the employment by a member, it shall at once file with the Commission a copy of the decision, the reasons therefor and any other information prescribed by the Commission.

Filing of copy  
of decision with  
Commission.

(2) On an appeal or review of a decision made pursuant to section 43(2) or (3), the Commission shall affirm the decision if it finds that—

- (a) the decision is in accordance with the rules of the organisation or this Act; and
- (b) the rules or this Act were or was applied in a manner that furthers the objectives specified in section 39,

but if it does not so find or finds that the decision restrains competition to an extent not necessary to achieve the objectives specified in section 39(1) to (3), it may set aside the decision or require the organisation—

- (c) to admit the person affected to membership;

- (d) to permit the person to become an employee of a member;
- (e) to grant the person access to services furnished by it or its members; or
- (f) to take any other action not inconsistent with the objectives specified in section 39.

(3) On an appeal or review of a decision of a self-regulatory organisation disciplining a member or an employee of a member, the Commission may—

- (a) affirm or modify the sanction imposed if it finds that the person disciplined contravened the rules of the organisation or this Act; or
- (b) set aside the sanction imposed if it does not so find; and
- (c) remand the matter to the organisation for further proceedings.

(4) On an appeal or review referred to in subsection (3), the Commission may set aside or modify the sanction imposed if it finds that it restrains competition to an extent not necessary to achieve the objectives specified in section 39(1) to (3).

(5) An order made by the Commission under subsection (3) or (4) setting aside or modifying a sanction does not affect the validity of any action taken by the organisation as a result of the sanction before the order was made, unless the action contravened this Act or the rules of the organisation.

Delisting of securities.  
[39 of 2000].

**45.** (1) No self-regulatory organisation shall delist a security admitted for quotation by it, unless it obtains on the payment of the prescribed fee an order from the Commission authorising the delisting and imposing, for the protection of investors, such conditions, if any, as it thinks fit.

(2) The Commission shall not refuse to authorise the delisting of a security, unless the delisting is in breach of—

- (a) the rules of the self-regulatory organisation; or
- (b) an agreement entered into by the issuer of the security.

**46.** (1) A self-regulatory organisation shall, subject to the approval of the Commission, appoint an auditor to audit its financial affairs. Appointment of auditor.

(2) A self-regulatory organisation shall require each of its members to appoint an auditor who shall—

- (a) examine the member's financial affairs in accordance with the rules of the organisation; and
- (b) report the results of the examination to the auditor of the organisation.

(3) An auditor appointed under subsection (1) or (2) shall be a member, in good standing, of the Institute of Chartered Accountants of Trinidad and Tobago.

(4) The auditor of a self-regulatory organisation shall furnish to the Commission on request a copy of a report received by him under subsection (2).

**47.** (1) A self-regulatory organisation shall—

- (a) make and keep such records in such form and for such periods as the Commission may prescribe;
- (b) file with the Commission any prescribed report in the prescribed form; or
- (c) disseminate to the public a report referred to in paragraph (b),

Keeping and inspection of records, etc.

and shall upon request, in writing, furnish the Commission with a copy of, or an extract from, any prescribed record.

(2) The Commission may at any time authorise a person in writing to—

- (a) inspect the records of a self-regulatory organisation and to examine the financial affairs of that organisation or any of its members;
- (b) prepare such financial or other reports as the Commission requires.

- (3) A self-regulatory organisation shall—
- (a) produce and furnish a person authorised by the Commissioner under subsection (2) with a copy of any record referred to in subsection (1) or any other record that he reasonably requests; and
  - (b) answer any question he asks concerning those records.

Contingency  
fund.

**48.** (1) A self-regulatory organisation shall maintain a contingency fund, in the manner prescribed by the Commission, to compensate customers for losses resulting from the insolvency, bankruptcy or default of a member of the organisation or of a registrant who contributes to the fund.

(2) A self-regulatory organisation shall file with the Commission in the manner prescribed every document that relates to the creation, administration and operations of the contingency fund.

(3) Where after consultation with the administrator of the contingency fund and the organisations referred to in subsection (1)—

- (a) the Commission reasonably believes that the contingency fund does not contain sufficient assets to meet claims which may be made against the fund; and
- (b) the organisations fail to contribute or cause their members to contribute to the fund an increased amount sufficient to maintain the fund's assets at a level that the Commission believes to be reasonably necessary to pay claims against the fund,

the Commission may make an order requiring the organisations to contribute or collect from their members and other registrants who contribute to the fund such amount required to attain the level that the Commission believes necessary to pay the claims.

(4) The administrator of the contingency fund shall at any time—

- (a) permit a person authorised by the Commission in writing to inspect the record and assets of the fund;
- (b) produce and furnish to that person any document or record that he reasonably requests; and
- (c) answer any questions he asks concerning those records or assets.

(5) A self-regulatory organisation shall, subject to the approval of the Commission, appoint an auditor to audit the financial affairs of its contingency fund and, as soon as practicable after the end of its financial year, the administrator of the fund shall file with the Commission a report on the operations and financial conditions of the fund in such form and containing such information as the Commission may prescribe.

(6) Monies held in the contingency fund in accordance with this section shall not be made available for payment of the debts or expenses of the self-regulatory organisation or its members, or be liable to be paid or taken in execution under an order or process of any Court.

**49.** (1) Where a self-regulatory organisation—

- (a) contravenes its rules or this Act;
- (b) is unable to comply with its rules or this Act;
- (c) fails or is unable to enforce its rules or a provision of this Act that it is required to administer or enforce, or fails to comply with an order of the Commission under section 41(1) or 48(3);
- (d) fails to observe standards of solvency prescribed by the Commission; or
- (e) or any of its members is guilty of gross negligence or fraud,

Sanctions  
*re* rules.

the Commission may make an order—

- (f) censuring the organisation;
- (g) limiting its activities, functions or operations; or
- (h) suspending or revoking its registration.

(2) Where a director, officer or employee of a self-regulatory organisation contravenes the rules of the organisation or this Act, the Commission may make an order censuring him or suspending or removing him from office or employment with the organisation.

Complaints.

**50.** (1) Subject to subsection (3)—

- (a) any person who is aggrieved by an act or dealing by a member of a self-regulatory organisation or by any other registered market actor may lodge a complaint in respect thereof to the Commission in writing addressed to the Chairman;
- (b) the Commission may investigate and adjudicate upon the complaint; and
- (c) section 138 shall have effect in relation to such investigation and adjudication.

(2) The Commission may upon such adjudication make such order as it thinks just, including an order for the payment by the member of the self-regulatory organisation or the registered market actor, as the case may be, of any sum by way of restitution or as compensation for any loss suffered by the complainant.

(3) Subject to subsection (4), where a person aggrieved as mentioned in subsection (1)(a) makes any complaint against a member of a self-regulatory organisation or registered market actor he shall, if the Commission proceeds to an adjudication upon it, be thereafter debarred and precluded from pursuing the complaint or making it the basis of any suit, action or proceeding in any Court of law.

(4) A person shall not be debarred or precluded under subsection (3), unless he has, before the Commission proceeds to any hearing of and adjudication upon the complaint, been informed in writing to that effect.

**51.** (1) Where a dispute involving transactions in securities arises between members of a self-regulatory organisation, such dispute shall be referred to the Board of the self-regulatory organisation, and the Board shall investigate the dispute, and shall make such order for the resolution of the dispute as it thinks fit.

Dispute between member companies.

(2) It shall be the duty of each of the parties to the dispute forthwith to inform the Commission in writing of the existence of the dispute and to deliver or cause to be delivered to the other party or parties to the dispute, within twenty-four hours of such notice to the Commission, a copy of the notice given to the Commission of the dispute.

(3) Where a member is aggrieved by the decision of the Board under subsection (1), the member may, within fourteen days of the receipt of such decision, appeal to the Commission.

(4) Where the Commission adjudicates in a matter referred to it under subsection (3), the decision of the Commission shall be final and no appeal shall be brought in respect thereof.

(5) The Commission may, by any adjudication under this section, order the payment by any party to the dispute of any sum of money, including a sum to cover costs, as the justice of the case may in the opinion of the Commission require.

#### PART IV

#### REGISTRATION OF MARKET ACTORS

**52.** No self-regulatory organisation registered under this Act may admit to membership or grant a licence to any person who is not registered with the Commission under this Act.

Registration required for membership or licensing.

**\*53.** (1) Subject to this Act, no person shall carry on business, or hold himself out, as—

Registration to carry on business. [39 of 2000].

- (a) a broker;
- (b) an investment adviser;
- (c) a dealer in securities;
- (d) a trader in securities;
- (e) an underwriter of securities;
- (f) a securities company,

unless registered as such with the Commission in accordance with this Act and, except in the case of an underwriter or an investment

\*See section 150.

adviser, that person is the holder of a valid licence issued by a self-regulatory organisation.

- (2) Where an applicant—
- (a) is considered by the Commission to be suitable for registration in the capacity applied for; and
  - (b) pays the prescribed fee,

the Commission shall register the applicant and issue him a certificate of registration in the prescribed form.

\*(2A) The registration of a person under subsection (1) shall be valid for a period of one year from the date of registration, and subject to this Act, may be renewed annually on the payment of the prescribed fee.

(3) The Commission shall not refuse to register an applicant without giving the applicant an opportunity to be heard and where the Commission refuses to register an applicant, it shall notify the applicant in writing of the reasons for so doing.

(4) The Commission shall maintain a register of all persons registered with the Commission.

- (5) The Commission shall—
- (a) by the 31st March of every year prepare a list of all valid registrants, by class of registration, which shall be published in the *Gazette*;
  - (b) permit any person upon the payment of the prescribed fee to inspect and to make extracts of any entry in the register referred to in subsection (4).

(6) Notwithstanding section 54 but subject to section 55, persons who immediately before the commencement of this Act were licensed as stockbrokers under the former Act are deemed to be registered as brokers under this Act.

(7) Notwithstanding section 58(1) to (4) but subject to section 58(5), persons who immediately before the commencement of this Act were licensed as dealers under the former Act are deemed to be registered as traders under this Act.

(8) Notwithstanding section 60(1) and (2) but subject to section 60(3), persons who immediately before the commencement

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\*See section 150.

of this Act were registered as members of the Stock Exchange under the former Act are deemed to be registered as securities companies under this Act.

(9) A person who is deemed to be registered under subsection (6), (7) or (8) shall, within six months of the commencement of this Act, comply with the requirements of this Act and upon failure to do so shall cease to be registered, but shall be entitled to apply for registration whenever he is able to meet those requirements.

(10) A person who contravenes subsection (1) is guilty of an offence and is liable on summary conviction to a fine of one hundred thousand dollars and to imprisonment for two years.

**54.** (1) Every application for registration as a broker shall be made to the Commission in the prescribed form and shall be accompanied by such fees as are prescribed. Application for registration as broker.

- (2) Every applicant for registration as a broker shall—
- (a) be of good character;
  - (b) not have had a bankruptcy order made against him which remains undischarged;
  - (c) not have interests direct or indirect which may conflict with or be likely to affect the conduct and integrity of his business as a broker;
  - (d) not be a person who has been suspended from dealing on or expelled from the Stock Exchange or any other securities exchange;
  - (e) be a person who—
    - (i) has been awarded a degree or professional qualification in economics, banking, law, accountancy, business administration or chartered secretaryship from a university or other educational institution recognised by the Commission;
    - (ii) has at least two years' experience of work as a trader or in some other capacity in which he was actively associated with and involved in the stockbroking activities of a member company or member firm of a securities exchange in any country within the Commonwealth or the United States of America; and

(iii) has such other qualification as the Commission may from time to time prescribe.

(3) Whether or not the university or other educational institution from which the applicant has obtained any degree or professional qualification is recognised for the purposes of this section shall be within the discretion of the Commission.

(4) Where an applicant wishes to be registered as a broker in—

- (a) equity securities only, he shall have such minimum free capital as may be prescribed;
- (b) equity securities and other securities, or, as the case may be, other securities only, he shall have such minimum free capital as may be prescribed.

(5) Subsection (4) does not apply to an applicant who is a director or officer of a securities company registered under Part IV.

Suspension or revocation of registration as broker.

**55.** (1) The Commission may suspend or revoke the registration of a broker—

- (a) if he ceases to carry on the business of a broker;
- (b) if he had obtained his registration under this Act or the former Act by the concealment or misrepresentation of any fact which is, in the opinion of the Commission, material to his application for registration or to his suitability to be registered;
- (c) if his registration under this Act or the former Act has been made by mistake, whether the mistake was that of the broker himself or of the Commission or of the former Stock Exchange or of any other person;
- (d) if he had defaulted in the payment of any moneys due to a self-regulatory organisation, the Commission, or to any other market actor;

- (e) if a levy of execution in respect of him has not been satisfied;
- (f) if he fails to maintain the prescribed level of capitalisation;
- (g) if he is convicted of an offence involving fraud or dishonesty;
- (h) if he contravenes, or fails to comply with, any condition or restriction applicable in respect of his registration or this Act;
- (i) if he fails adequately to supervise or to conduct the activities of any person acting on his instructions or on his behalf;
- (j) if he ceases to meet a requirement of section 54(2).

(2) Where a broker is charged with an offence involving fraud or dishonesty or where it is alleged that he has defaulted in the payment of moneys due to a self-regulatory organisation or to any other market actor, the Commission may, if it considers that it is in the public interest to do so, suspend the registration of the broker pending the final determination of the charge or allegation.

**56.** (1) Every application for registration as a dealer in securities shall be made to the Commission in the prescribed form and shall be accompanied by such fees as are prescribed.

Application for  
registration as  
dealer.

- (2) Every applicant for registration as a dealer shall—
- (a) be an individual of good character;
  - (b) if a company, be incorporated in Trinidad and Tobago or incorporated in any other Caricom State and be registered in Trinidad and Tobago;
  - (c) not have had a receiving or bankruptcy order made against him which remains undischarged;
  - (d) if a company, not have a receiver or receiver manager appointed in respect of its undertaking;
  - (e) not have interests direct or indirect which may conflict with or be likely to affect the conduct and integrity of his business as a dealer in securities;

- (f) not be a person who has been suspended from dealing on or expelled from the Stock Exchange or any other securities exchange;
- (g) be an individual, or a company which has in its full time employment an individual, who—
  - (i) has been awarded a degree or professional qualification in economics, banking, law, accountancy, business administration or chartered secretaryship from a university or other educational institution recognised by the Commission; and
  - (ii) has such other qualification as the Commission may from time to time prescribe.

(2A) Where a company is registered as a dealer, the individual described in subsection (2)(g) shall be responsible for the discharge of the company's obligations in relation to its operations as a dealer.

(3) Where an applicant wishes to be registered as a dealer in—

- (a) equity securities only, he shall have—
  - (i) in the case of a company, such minimum paid up capital;
  - (ii) in the case of an individual, such minimum free capital,as may be prescribed;
- (b) equity securities and other securities, or, as the case may be, other securities only, he shall have—
  - (i) in the case of a company, such minimum paid up capital; or
  - (ii) in the case of an individual, such minimum free capital,as may be prescribed.

**57.** The Commission may suspend or revoke the registration of a dealer—

Suspension or revocation of registration as dealer.

- (a) if he ceases to carry on the business of a dealer;
- (b) if he had obtained his registration as such by the concealment or misrepresentation of any fact which is in the opinion of the Commission material to his application for registration or to his suitability to be registered;
- (c) if the registration has been made by mistake, whether the mistake was that of the dealer himself or of the Commission or of any person in its employ or of any other person;
- (d) if he had defaulted in the payment of any moneys due to a self-regulatory organisation, the Commission, or to any other market actor;
- (e) if a levy of execution in respect of him has not been satisfied;
- (f) if he fails to maintain the prescribed level of capitalisation;
- (g) if he is convicted of an offence involving fraud or dishonesty;
- (h) if he contravenes, or fails to comply with, any condition or restriction applicable in respect of his registration or this Act;
- (i) if he fails adequately to supervise or to conduct the activities of any person acting on his instructions or on his behalf.

**58.** (1) Every application for registration as a trader in securities shall be made to the Commission in the prescribed form and be accompanied by such fee as may be prescribed.

Application for registration as trader.

(2) Every such application shall be signed jointly by the applicant and by a broker of the securities company under whose direction and supervision it is proposed that the applicant operate as a trader.

(3) Section 54(2)(a) to (d) shall apply to all applications for registration as a trader in securities.

(4) The Commission may decline to register any person as a trader unless it is satisfied that he is a fit and proper person to be registered and may make such inquiries and may require the applicant and the broker who joins with him in making the application to produce such information as it may deem necessary for the purpose.

(5) The Commission may suspend or revoke the registration of a trader—

- (a) if his registration under this Act or the former Act was obtained by the concealment or misrepresentation of any fact which in the opinion of the Commission is material to his application for registration or to his suitability to be registered;
- (b) if his registration under this Act or the former Act had been made by mistake, whether the mistake was that of the trader himself or of the Commission or of the former Stock Exchange or of any other person;
- (c) if he is convicted of any offence involving fraud or dishonesty.

Application for registration as underwriter or investment adviser.

**59.** (1) Every application for registration as an underwriter or investment adviser shall be made to the Commission in the prescribed form and shall be accompanied by such fee as shall be prescribed.

(2) Every such application shall contain such information as may be prescribed.

(3) Every applicant for registration as an underwriter or investment adviser shall—

- (a) if an individual, shall be at least twenty-one years of age and of good character;
- (b) if a company, be incorporated in Trinidad and Tobago or incorporated in any other Caricom State and registered in Trinidad and Tobago;

- (c) not have had a receiving or bankruptcy order made against him which remains undischarged;
- (d) either—
  - (i) be a financial institution which is licensed under the Financial Institutions Act, to carry on the business of floating and underwriting securities; or
  - (ii) meet the capital requirements as prescribed by the Commission; and
- (e) in the case of an investment adviser, be an individual or a company which has in its full time employment an individual, who—
  - (i) has been awarded a degree or professional qualification in economics, banking, law, accountancy, business administration or chartered secretaryship from a university or other educational institution recognised by the Commission; and
  - (ii) has such other qualification as the Commission may from time to time prescribe, except that paragraph (e) shall not apply to an applicant for registration as an investment adviser, who is a director or officer of a securities company registered under Part IV.

(3A) Where a company is registered as an investment adviser, the individual described in subsection (3)(e) shall be responsible for the discharge of the company's obligations in relation to its operations as investment adviser.

(4) The Commission may suspend or revoke the registration of any underwriter or investment adviser—

- (a) if he fails to maintain the prescribed level of capitalisation;
- (b) if his registration was obtained by the concealment or misrepresentation of any fact which in the opinion of the Commission is material to his application for registration or to his suitability to be registered;

- (c) if he was registered by mistake however such mistake arose;
- (d) if he is convicted of any offence involving fraud or dishonesty.

Ch. 79:09. (5) Where a person is registered under this Act as an underwriter, then notwithstanding the Financial Institutions Act, that person is not required to obtain a licence under that Act in relation to the business of floating and underwriting securities, unless that person is a company registered as a financial institution under that Act.

(6) For the purposes of this section, “accountant” means an individual who is a member in good standing of the Institute of Chartered Accountants of Trinidad and Tobago.

(7) Subject to subsection (8), the following persons may act as investment advisers without registration under this Act:

- Ch. 84:01.
- (a) an insurance company registered under the Insurance Act;
  - (b) a financial institution;
  - (c) an Attorney-at-law or an accountant;
  - (d) a registered broker;
  - (e) a registered dealer;
  - (f) a publisher of, or writer for, a *bona fide* newspaper, news magazine, or business or financial publication that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, who—
    - (i) gives advice as an adviser either as such publisher or writer only or as such publisher or writer and as an Attorney-at-law or an accountant;
    - (ii) discloses in the publication any direct or indirect interest which he has in any of the securities in respect of which he gives advice; and
    - (iii) receives no commission or other consideration for giving the advice other than for acting in his capacity as a publisher or writer;
  - (g) a person or class of persons prescribed.

(8) A person is exempted under subsection (7) so long as the performance of the services as an investment adviser is solely incidental to his principal business or occupation as stated in that subsection.

**60.** (1) Every application for registration as a securities company shall—

Application for registration as securities company.

- (a) be made to the Commission in the prescribed form;
- (b) clearly indicate the class or classes of business to be undertaken by the company; and
- (c) be accompanied by such fees as are prescribed.

(2) Every applicant for registration as a securities company shall—

- (a) be incorporated in Trinidad and Tobago or incorporated in any other Caricom Member State and registered in Trinidad and Tobago;
- (b) not have a receiver or receiver manager appointed in respect of its undertaking;
- (c) not have interests direct or indirect which may conflict with or be likely to affect the conduct and integrity of its business as a securities company;
- (d) have the prescribed level of capitalisation;
- (e) have as a director or in its full time employment, a person registered as a broker under this Act or holding a degree or professional qualification in economics, banking, law, accountancy, business administration or chartered secretaryship from a university or other educational institution recognised by the Commission, or any other combination of qualifications and experience to the satisfaction of the Commission; and
- (f) if it desires to carry on the business of trading in securities on behalf of others, have in its full time employment an individual who is registered as a broker.

(2A) Where a company is registered as a securities company, an individual described in subsection (2)(e) or, where appropriate, in subsection (2)(f), shall be responsible for the discharge of the obligations of the securities company in relation to each class of business for which it is registered.

(3) The Commission may suspend or revoke the registration of a securities company—

- (a) if it fails to maintain the prescribed level of capitalisation;
- (b) if it defaults in any obligation undertaken in its capacity as a securities company;
- (c) if a receiving order is made against it;
- (d) if its registration was obtained by the concealment or misrepresentation of any fact which in the opinion of the Commission is material to its application for registration or to its suitability to be registered;
- (e) if it is convicted of any offence involving fraud or dishonesty.

Suspension of registration on prosecution of market actor.

**61.** Where any registered market actor is prosecuted for breach of this Act, the Commission may suspend the registration of such market actor from the date of the institution of such prosecution or at any time thereafter, but such suspension shall automatically cease upon the dismissal of the charge or the withdrawal thereof or, if there is more than one charge, upon the dismissal or withdrawal of all the charges.

Effect of cancellation, suspension or revocation.

**62.** Where the Commission has cancelled, suspended or revoked the registration of any person that person shall forthwith cease activities in the area of activity for which he was registered, and, any licence issued by a self-regulatory organisation or membership in any such organisation shall forthwith become invalid.

**63.** Every registrant under this Part, other than a trader or broker acting in the employment of a securities company shall effect policies of insurance on terms prescribed by the Commission for the purpose of indemnifying such registrant against any liability that may be incurred as a result of any act or omission of the registrant or any of its officers or employees.

Indemnity insurance.

**63A.** (1) Every registrant under this Part, other than a trader or broker acting in the employment of a securities company shall participate in and contribute to a contingency fund approved by the Commission and established by—

Contribution to contingency fund.

- (a) a self-regulatory organisation; or
- (b) a financial institution.

(2) The amount contributed by the registrant to a fund referred to in subsection (1) shall, subject to subsection (3), be the amount required by the self-regulatory organisation or, where the fund is established by a financial institution, the Commission.

(3) The Commission may vary the amount required to be contributed by any participant in a fund under subsection (1) if it considers that it would not be prejudicial to the public interest to do so.

#### PART V

#### REGISTRATION OF ISSUERS AND SECURITIES

**64.** (1) From the date of commencement of this Act, all public companies shall become reporting issuers and shall, within ninety days from that date, file with the Commission a registration statement in the prescribed form.

Registration statements of issuers. [39 of 2000].

(2) A person who proposes to issue securities to the public shall register with the Commission as a reporting issuer and file a registration statement in the prescribed form and within the prescribed time.

(3) A reporting issuer shall amend its registration statement annually so that the information contained therein is current as of the end of its most recent financial year.

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(3A) A registration statement under subsection (1) or (2) or any amendment under subsection (3) shall be accompanied by such fees as may be prescribed.

(4) An issuer in its registration statement shall amend any information that is of a type prohibited by bye-law.

(5) An issuer may include in its registration statement any information that is not of a type prohibited by bye-law.

(6) Where a reporting issuer ceases to be a public company, the Commission may on its own motion or on application by the issuer or another interested person make an order declaring, subject to such conditions as it considers appropriate, that the issuer is no longer a reporting issuer.

(7) This section shall not apply to any issuer which is a government entity.

(8) In subsection (7) and in section 65(2)(b), “government entity” means the Government of Trinidad and Tobago, the Tobago House of Assembly, the Central Bank and municipal corporations.

Registration of securities.

**65.** (1) Subject to subsection (1A), no security shall be offered to the public or listed with any self-regulatory organisation unless it is registered with the Commission.

(1A) A unit issued by a unit trust scheme, or a mutual fund, in accordance with the terms of a prospectus for which a receipt has been issued by the Commission, is deemed to be registered with the Commission.

(2) Any security may be registered with the Commission by filing a registration statement signed—

(a) by the principal executive officer of the issuer and at least two members of the board of directors of the issuer; or

(b) in the case of a government entity, by the underwriter or designated agent.

(3) Signatures appearing on the registration statements shall be presumed to have been affixed to that statement by authority of the person whose signature is so affixed unless the contrary is proved by the person denying the validity of the signature.

(4) A registration statement shall be deemed effective only as to the securities specified therein as proposed to be offered.

(5) At the time of filing a registration statement pursuant to subsection (2) the applicant shall pay to the Commission such fees as may be prescribed by the Commission.

(6) The filing with the Commission of a registration statement or any amendment thereto under this section shall be deemed to have taken place upon receipt thereof, but the filing of a registration statement shall not be deemed to have taken place unless accompanied by the amount of the fee required under subsection (5).

(7) The information contained in or filed with any registration statement shall be made available to the public in such manner as may be prescribed.

(8) The effective date of a registration statement shall be determined by the Commission.

(9) Securities which were issued before the commencement of this Act by companies that were listed on the Stock Exchange shall be deemed to be registered with the Commission.

**66.** (1) A reporting issuer shall, within four months after the end of its financial year—

(a) file with the Commission, a copy of its annual report containing the information prescribed by the Commission and any other information that is not of a type prohibited by bye-law; and

(b) send to each of its security holders such financial statements as the Commission may prescribe.

(2) A reporting issuer shall file such other reports in such form as may be prescribed.

(3) Subject to subsection (4), where a material change occurs in the affairs of a reporting issuer, the reporting issuer shall, as soon as practicable but in any event no later than seven days after the change occurs, file with the Commission and issue a press release that is authorised by a senior officer and that discloses the nature and substance of the change.

Annual reports.

(4) Subject to subsection (5), subsection (3) shall not apply where—

- (a) the reporting issuer is of the opinion that the disclosure required by subsection (3) would be unduly detrimental to its interests and advises the Commission in writing within seven days of the change and the reasons why it is of the opinion that there should not be a press release; or
- (b) the material change in the affairs of the reporting issuer consists of a decision to implement a change made by the directors of the issuer and the directors and senior management of the issuer have no reason to believe that any person with knowledge of the material change has made, or intends to make use of that knowledge in purchasing or selling securities of the issuer.

(5) Where the Commission is of the opinion that the disclosure of the material change would not be unduly detrimental to the interests of a reporting issuer, it may, after giving the reporting issuer an opportunity to be heard, require disclosure to the public of the material change.

#### PART VI

#### DISTRIBUTIONS

Definition and construction.

**67.** (1) For the purpose of this Part, an advertisement offers securities if—

- (a) it invites a person to enter into an agreement for or with a view to subscribing for or otherwise acquiring or underwriting any securities; or
- (b) it contains information calculated to lead directly or indirectly to a person entering into such an agreement.

(2) In this Part—

“distribution” in relation to any securities includes an offer to sell securities;

“offer to sell” includes an attempt or offer to dispose of and a solicitation of an offer to buy a security;

“registrant” in relation to any securities, means the person who issues or is to issue securities to which this Part applies;

“sophisticated purchaser” means—

- (a) a person who participates as principal in any trade the consideration for which is no less than one hundred thousand dollars;
- (b) a person who—
  - (i) has access to substantially the same information concerning the issuer that is required in a prospectus under section 72(1) and (2);
  - (ii) is able to evaluate a security as an investment on the basis of information provided to him by the seller by virtue of his net worth and advice which may be available to him from an investment adviser who receives no remuneration from the issuer or selling security holder in connection with the distribution; or
- (c) an officer or director of the issuer or his spouse, parent, brother, sister or child.

**68.** In this Part “block distribution circular” means a prospectus required in connection with a distribution of previously issued securities acquired under a distribution exempted from the prospectus requirements under section 75(2). Block distribution circular.

**69.** Subject to section 70, no person shall distribute a security unless a prospectus or a block distribution circular has been filed with the prescribed fee and a receipt therefor has been issued by the Commission. Prospectus required. [39 of 2000].

**70.** (1) No person shall offer to sell a security in connection with a distribution unless the offer is made by means of— Offers to sell a security.

- (a) a prospectus or block distribution circular for which a receipt has been issued by the Commission; or

(b) an advertisement—

- (i) identifying the security distributed, a person from whom a document specified in paragraph (a) may be obtained, and a person through whom orders will be executed; and
- (ii) containing whatever other information the Commission permits or may prescribe.

(2) Notwithstanding subsection (1), a registrant may solicit expressions of interest from prospective purchasers with respect to a proposed distribution if he notifies the Commission in writing that he intends to do so and identifies the issuer and the security proposed to be distributed.

Delivery of  
prospectus.

**71.** (1) No registrant shall sell a security of a class that is the subject of a filing pursuant to section 69 and for which a receipt has been issued by the Commission, within ninety days of the date of the receipt, unless he sends or delivers to the purchaser of the security a prospectus or block distribution circular within two business days after the agreement of sale is made.

(2) The Commission may, in respect of reporting issuers, prescribe a shorter period than that specified in subsection (1).

(3) An agreement referred to in subsection (1) is not binding on the purchaser if the registrant receives not later than two business days after the purchaser received the prospectus or block distribution circular written notice that the purchaser intends not to be bound by the agreement.

(4) A person who files a prospectus or block distribution circular pursuant to section 69 shall provide copies during the period specified in subsection (1) upon request and shall furnish to a registrant a reasonable number of copies of it without charge.

(5) For the purposes of this section, the receipt of a prospectus or block distribution circular by a person who acts solely as agent of the purchaser with respect to the purchase of a security referred to in subsection (1) is deemed to be a receipt by the purchaser as of the date on which the agent received the prospectus or block distribution circular.

**72.** (1) A prospectus shall contain such information and comply with such other requirements as may be prescribed. Contents of prospectus.

(2) In addition to the information required to be included in a prospectus by virtue of subsection (1) a prospectus shall contain such information as investors and their professional advisers would reasonably require, and reasonably expect to find there, for the purpose of making an informed assessment of—

- (a) the assets and liabilities, financial position, profits and losses, and prospects of the issuer of the securities; and
- (b) the rights attaching to those securities,

being information which is within the knowledge of any person responsible for the prospectus or which it would be reasonable for him to obtain by making enquiries.

(3) In determining what information is required to be included in a prospectus by virtue of this section regard shall be had also—

- (a) to the nature of the securities and the issuer of the securities;
- (b) to the nature of the persons likely to consider their acquisition;
- (c) to the fact that certain matters may reasonably be expected to be within the knowledge of professional advisers of any kind whom those persons may reasonably be expected to consult; and
- (d) to any information available to investors or their professional advisers by virtue of any written law or by virtue of requirements imposed by the Commission.

**73.** (1) Where a prospectus has been filed under section 69 in respect of any proposed distribution or any offer of securities and at any time during which an agreement in respect of those securities can be entered into in pursuance of that offer— Supplementary prospectus.

- (a) there is a material change affecting any matter contained in the prospectus the inclusion of information in respect of which is required by virtue of section 72(1) and (2);

- (b) a material fact occurs the inclusion of information in respect of which would have been so required if it had arisen when the prospectus was prepared,

then the person who delivered the prospectus for registration to the Commission shall deliver to it for registration a supplementary prospectus containing particulars of that material change or fact as the case may be.

(2) Where the person who delivered the prospectus for registration is not aware of the material change or fact in question he shall not be under any duty to comply with subsection (1) unless he is notified of it by a person responsible for the prospectus, but any person responsible for the prospectus who is aware of that material change or fact shall be under a duty to give him notice of it.

(3) Section 71(1) applies also as respects matters contained in a supplementary prospectus filed under this Part in respect of the securities in question.

Expert's  
consent.

**74.** (1) A prospectus that invites subscription for, or the purchase of securities of an issuer, and that includes a statement purporting to be made by an expert shall not be issued unless—

- (a) that expert has given, and has not before delivery of a copy of the prospectus withdrawn, his written consent to the inclusion of the statement in the form and context in which it is included in the prospectus; and
- (b) there appears in the prospectus a statement that the expert has given and has not withdrawn his consent,

and accordingly, a person is not to be deemed to have authorised or caused the issue of a prospectus by reason only of his having given the consent required by paragraph (a) to the inclusion in the prospectus of a statement purporting to be made as an expert.

Exemptions.

**75.** (1) Sections 69 to 71 do not apply to a distribution—

(a) by an issuer where the purchaser is an issuer acting as principal;

- (b) where the purchaser is an underwriter of the security being distributed;
- (c) by an issuer of a security that is distributed to holders of its securities as a dividend;
- (d) by an issuer of a security to holders of its securities as incidental to a reorganisation or winding up or to a distribution of its assets for the purpose of winding up its affairs;
- (e) by an issuer of a security pursuant to the exercise of a right to acquire the security, which right was previously granted by the issuer, if no commission or other remuneration is paid or given in respect of the distribution except for administrative or professional services or for services, other than the solicitation of investors, performed by a registrant;
- (f) by an issuer of a right, transferable or otherwise, granted by it to holders of its securities to purchase additional securities of its own issue, and of securities pursuant to the exercise of such a right—
  - (i) if the issuer files with the Commission a notice in the prescribed form that is to be sent to its security holders; and
  - (ii) the Commission does not inform the issuer in writing within ten days of the filing that it objects to the offer; or
  - (iii) the issuer files with the Commission and sends to its security holders information relating to the securities that is satisfactory to the Commission;
- (g) by an issuer of a security that is exchanged by or for the account of the issuer with another issuer or the security holders of another issuer pursuant to—
  - (i) a statutory amalgamation or arrangement; or
  - (ii) a statutory procedure by which one issuer takes title to the assets of another issuer that loses its existence by operation of law or by which the existing issuers merge into a new issuer;

- (h) by an offeror pursuant to a takeover bid;
- (i) by or for the issuer or owner by means of an isolated sale that is not made in the course of continued or successive sales of the same security;
- (j) by an issuer of securities of its own or an associate's issue to its employees, if—
  - (i) the employees are not induced to purchase the securities by expectation of employment or continued employment with the issuer; and
  - (ii) no commission or other remuneration is paid or given in respect of the distribution except for professional services or for services other than the solicitation of employees, performed by an issuer;
- (k) where the Commission makes an order declaring that the cost of providing a prospectus outweighs the resulting protection to investors, but in such circumstances the Commission may make the order subject to any conditions it considers appropriate including conditions determining the standards of civil liability applicable to the offer;
- (l) issued or guaranteed by the Government, a municipal corporation or statutory body in Trinidad and Tobago;
- (m) by a person declared an exempt purchaser by order of the Commission who purchases as principal or as trustee for accounts fully managed by it; or
- (n) in such other circumstances as the Commission may prescribe.

(2) Sections 69 to 71 do not apply to a distribution to fewer than fifty purchasers each of whom is a sophisticated purchaser if—

- (a) the distribution is previously notified in writing to the Commission and is not accompanied by an advertisement other than an announcement, as prescribed by the Commission, of its completion; and
- (b) no selling or promotional expenses are paid or incurred in connection with the distribution except for professional services or services performed by an issuer.

(3) Sections 69 to 71 do not apply to a limited offering.

(4) For the purposes of this section “limited offering” means an offer within such time as may be prescribed by the Commission to not more than thirty-five purchasers of the securities distributed where—

- (a) the issuer or selling security holder obtains an agreement from each purchaser that is filed with the Commission under which each purchaser agrees to file or cause to be filed with the Commission a prospectus with respect to the securities if a sale of the securities purchased by him results in there being more than thirty-five owners of the distributed securities within two years of the completion of the distribution or such other time as the Commission prescribes; and
- (b) no selling or promotional expenses are paid or incurred in connection with the distribution except for professional services or services other than the solicitation of investors by an issuer.

(5) For the purposes of this Act, a person who purchases a security pursuant to an exemption under subsection (3) from a person whom he knows to have acquired the security in a trade referred to in this section is in the same position as his seller for the remainder of the period specified in the definition of a limited offering with regard to the security.

(6) The Commission may, by proceedings in the Court, seek an order against any person who has entered into any such agreement as is referred to in subsection (4)(a) and upon proof of the filing of such agreement with the Commission, shall be entitled to an order accordingly.

(7) The Commission may prescribe—

- (a) further conditions for a limited offering;
- (b) that such statement as it thinks fit shall be printed on a certificate for a security sold pursuant to this section; and
- (c) that a person who makes a limited offering and a purchaser of a security of such an offering shall file such report as it thinks fit.

(8) Sections 69 to 71 do not apply to a trading transaction.

(9) For the purposes of this section “trading transaction” means a distribution of a security of a reporting issuer executed through a registrant where—

- (a) the issuer has been registered under Part V for at least one year, or such other period as the Commission may prescribe, immediately preceding the distribution and the issuer has complied with the filing requirements of this Act;
- (b) no selling or promotional expenses are incurred in connection with the distribution except for services customarily performed by a registrant in connection with a trade in the market; and
- (c) the sales by or on behalf of the issuer or selling security holder do not during a prescribed period exceed—
  - (i) an amount in dollars;
  - (ii) a percentage of trading volume;
  - (iii) a percentage of outstanding securities of the class; or
  - (iv) any combination of the limits referred to in subparagraphs (i) to (iii), prescribed by the Commission.

(10) Where trades made pursuant to this section result in an increase in the trading activity of securities of an issuer, the Commission may make an order—

- (a) requiring the issuer to file and disseminate such information as it believes necessary for the protection of investors; and
- (b) reducing the number of securities of the issuer that may be distributed in trading transactions during a period prescribed pursuant to subsection (9)(c).

(11) A person who sells a security pursuant to an exemption under this section shall file a report in the prescribed form with the Commission within ten days of the completion of the sale.

**76.** (1) Subject to subsections (2), (3) and (5), the Commission shall issue a receipt for a prospectus within a reasonable time after the date of the original filing of a prospectus filed pursuant to section 69 or 77(1). Receipt for prospectus.

(2) The Commission may refuse to issue a receipt for a prospectus—

- (a) if the prospectus—
  - (i) contains a misrepresentation;
  - (ii) fails to disclose any material fact which may be required under this Part; or
  - (iii) the distribution in connection with which it is filed is deceptive;
- (b) if an unconscionable consideration has been or is intended to be given for promotional purposes or for the acquisition of the security;
- (c) if the past conduct of the issuer or of a person who exercises or is reasonably considered by the Commission likely to exercise influence over its management or policies suggests to the Commission that the business of the issuer is likely to be conducted in a manner that is not honest or financially responsible or that may be unfair to holders of its securities;

- (d) if the proceeds that the issuer will receive from the distribution, together with its other resources, are not sufficient to accomplish the purpose of the distribution stated in the prospectus;
- (e) if an expert who has prepared or certified a part of the prospectus or report used in connection with it is not acceptable to the Commission; or
- (f) if the Commission considers that the distribution would be prejudicial to the public interest.

(3) The Commission may refuse to issue a receipt for a block distribution circular in the circumstances specified in subsection (2)(a) to (d) or (f).

(4) The Commission shall not refuse to issue a receipt for a prospectus without giving the person who filed the prospectus an opportunity to be heard.

(5) The Commission may impose on a distribution in connection with which it issues a receipt for a prospectus any condition which in the opinion of the Commission is necessary for the protection of investors including, without limiting the generality of the foregoing—

- (a) a condition that outstanding securities of the issuer be held in escrow upon such terms as the Commission may specify;
- (b) a condition that the proceeds of a distribution which is payable to the issuer may be held in trust until such amount as may be specified is received for the issuer;
- (c) a condition that no sales pursuant to the distribution may be completed before such time as may be specified by the Commission.

Cessation of distribution.

**77.** (1) Where a distribution of securities does not commence within ninety days of the date on which a receipt for the prospectus is issued by the Commission, the distribution shall cease until such time as a new prospectus is filed with a receipt therefor issued by the Commission.

(2) For the purposes of this section, a distribution commences when twenty-five per cent of the securities proposed to be distributed are sold and paid for.

(3) Subject to subsections (4) and (5), a distribution shall not continue longer than one year and twenty days from the date of the receipt for the prospectus or block distribution circular relating to it unless the Commission issues a new receipt for a current prospectus or block distribution circular in which case the period runs from the date of the latter receipt.

(4) The Commission may prescribe that the period specified in subsection (3) shall be reduced to not less than six months.

(5) Subsection (3) does not apply to a distribution by a unit trust scheme or a mutual fund.

**78.** Where a material fact that relates to an issuer or to a security being issued occurs while a distribution is in progress, an amendment to the prospectus shall be filed forthwith with the Commission and every prospectus thereafter sent or delivered to any person shall include the amendment.

Amendment of prospectus.

## PART VII

### MARKET CONDUCT AND REGULATION

**79.** Notwithstanding the Stamp Duty Act, no stamp duty shall be payable in respect of the transfer of any security in accordance with the rules of any self-regulatory organisation.

Exemption from stamp duty.  
Ch. 76:01.

**80.** No person shall, directly or indirectly, effect a series of transactions in any security on any securities market thereby creating actual or apparent active trading in such security for the purpose of inducing the purchase or sale of such security by others.

Market rigging transactions.

**81.** No member of a self-regulatory organisation or dealer or person who is selling or offering for sale, or purchasing or offering to purchase, any security in consideration or anticipation of any reward or benefit or otherwise, shall induce a purchase or sale of such security on any securities market by the circulation or

Inducement to purchase or sell securities by dissemination of information.

dissemination, in the ordinary course of business, of information to the effect that the price of any such security will or is likely to rise or fall because of market operations by any one or more persons, conducted for the purpose of raising or depressing the price of such security.

Employment of  
deceptive  
device, etc.

**82.** No person shall, directly or indirectly, in connection with the purchase or sale of any security—

- (a) employ any device, scheme or artifice with the intention to defraud;
- (b) engage in any act, practice or course of business which operates or would operate as a fraud or deceit on any person;
- (c) make any untrue statement of a material fact or omit to state a material fact with the intention to mislead.

Restrictions on  
recommendation.

**83.** (1) A registrant shall not recommend a trade in a security to a customer unless he has reasonable grounds to believe that the recommendation is suitable for the customer on the basis of—

- (a) information furnished by the customer after reasonable inquiry as to his investment objectives, financial situation and needs; and
- (b) any other information known to the registrant.

(2) Subsection (1) does not apply to a registrant in respect of the—

- (a) execution of an unsolicited order for a customer; or
- (b) publication of a research report that recommends generally a trade in a security.

Excessive  
trading.

**84.** (1) No registrant or employee of a registrant shall effect trades that are excessive in volume or frequency with or for a customer in respect of whose trading he is in a position to exercise determinative influence by reason of the customer's willingness to accept his recommendations.

(2) No person who has discretionary authority over or is a trustee for an account of another shall effect trades that are excessive in volume and frequency.

(3) For the purposes of this section, whether trades are excessive in volume or frequency shall be determined on the basis of such factors as the amount of profits or commissions of the registrant, employee or other person in relation to the size of the customer's account, the needs and objectives of the customer as ascertained on reasonable inquiry and the pattern of trading in the account.

**85.** (1) The Commission may prescribe standards for the conduct of a registrant in relation to a customer to prevent—

Commission may prescribe standards of conduct for registrants.

- (a) a conflict of interest; or
- (b) any other conduct that would enable a registrant to treat a customer unfairly.

(2) The Commission may prescribe standards for the conduct of a registrant in relation to the custody or lending of any money or security held for a customer.

**86.** A registrant who recommends in writing a trade in a specific security shall include with the recommendation a prescribed statement of any direct or indirect financial or other interest in the security or a trade in the security, held by the registrant.

Disclosure of interests by registrant.

**87.** The Commission may prescribe that a registrant who exercises investment discretion with respect to a customer's account, shall make such disclosure as may be prescribed to the customer as to his policies and practices relating to the payment of commissions for trades in securities.

Disclosure of policies and practice.

**87A.** (1) A securities company or a broker who is not acting in the employment of a securities company shall establish and keep in a financial institution in Trinidad and Tobago one or more trust accounts designated as such into which it shall pay—

Trust accounts.

- (a) all amounts (less any commission and other proper charges) that are received from or on

account of any person, other than another broker or securities company, for the purchase of securities not delivered to the broker or securities company within such time as prescribed by the Commission;

- (b) all amounts (less any commission and other proper charges) that are received on account of any person, other than a broker or securities company, from the sale of securities and not paid to that person or as that person directs within such time after receipt of such amounts as may be prescribed by the Commission.

(2) No money shall be withdrawn from a trust account established under subsection (1), except for the purpose of making payment on behalf of or to the person lawfully entitled thereto or for any other purpose duly authorised by law.

(3) Nothing in this section shall be construed as affecting in any way any lawful claim or lien which any person may have against or upon any monies held in a trust account, or against or upon any monies received for the purchase of securities, or from the sale of securities, before such monies are paid into a trust account.

(4) Every director of a securities company or broker that fails to comply with, or contravenes, any of the provisions of this section is guilty of an offence and is liable, on summary conviction, to a fine of fifty thousand dollars and to imprisonment for one year.

Registrant to  
send documents  
to beneficial  
owner.

**88.** (1) Where securities of an issuer are registered in the name of, but not beneficially owned by a registrant or his nominee, the registrant shall send to the beneficial owner of the securities a copy of any document sent to him or his nominee as registered security holder forthwith after receipt thereof, unless the beneficial owner instructs him in writing that the document need not be sent.

(2) A person who sends a document to registered security holders pursuant to this Act shall furnish to a registrant forthwith upon request sufficient copies of the document to enable him to comply with subsection (1) and, subject to section 114(6), shall indemnify him for the reasonable costs of doing so.

**89.** (1) Subject to subsection (2), a registrant who trades in security with or for a customer shall send him immediately after the completion of the trade a written confirmation containing the information prescribed by the Commission. Confirmation to be sent to customer.

(2) The Commission may prescribe that a registrant who provides a service of a continuous nature may send, instead of a confirmation as referred to in subsection (1), a periodic statement at such times and containing such information as may be prescribed.

**90.** (1) A securities exchange shall keep a record of each trade made through its facilities showing the time when it took place and any other information prescribed by the Commission. Records of transactions.

(2) On the request of a person who produces a written confirmation of a trade executed through its facilities, a securities exchange shall furnish to him—

- (a) forthwith, if the trade was executed within thirty days of the request; and
- (b) within a reasonable time if the trade was executed more than thirty days before the request,

details of when the trade took place and of any other matter contained in the confirmation of which the exchange acquired knowledge in the ordinary course of its business.

**91.** A registrant who has acted as a broker in connection with a trade in a security shall on the request of the Commission disclose to it the name of the person with or through whom the security was traded. Notification to Commission.

**92.** (1) In this section, “residence” includes a building or part of a building in which the occupant resides permanently or temporarily and any appurtenant premises. Restriction on trading at residence.

(2) No person shall—

- (a) attend at any residence without being invited by an occupant of the residence; or
- (b) make an unsolicited telephone call to any residence,

within Trinidad and Tobago for the purpose of trading in a security.

(3) Subsection (2) shall not apply where the person calls at or telephones the residence—

- (a) of a close personal friend, a business associate or a client with whom or on whose behalf the person calling or telephoning has been in the habit of trading securities; or
- (b) of a person who has received a copy of a prospectus filed under this Act and has requested that information respecting a security offered in that prospectus be furnished to him by the person calling or telephoning.

Control of  
advertisement.

**93.** (1) The Commission may make an order requiring a registrant to send to it a copy of each advertisement that he proposes to use in connection with a trade in a security at least seven days before it is used, if the Commission reasonably believes that the registrant's past conduct in connection with such advertisements makes review of them by it necessary for the protection of investors.

(2) The Commission may make an order prohibiting the use of an advertisement sent to it pursuant to subsection (1) or requiring that it be altered before it is used if the Commission is of the view that the advertisement is likely to mislead the public.

(3) In this section "advertisement" includes any material designed to make a sales presentation to a purchaser whether or not it is published or presented to a purchaser but does not include a prospectus, summary prospectus, preliminary prospectus or block distribution circular.

**94.** A person who places an order with a registrant to sell a security that he does not own or, if acting as agent, that he knows his principal does not own shall, when he places the order, declare that he or his principal, as the case may be, does not own the security.

Seller of security to declare non-ownership.

**95.** (1) A person who places an order for the sale of a registered security through a registered broker acting on his behalf and who—

Declaration as to short position.

- (a) does not own the security; or
- (b) if he is acting as agent knows his principal does not own the security,

shall, at the time of placing the order to sell, declare to the registered broker that he or his principal, as the case may be, does not own the security, and that fact shall be disclosed by the broker in the written confirmation of sale.

(2) Subject to this Act and the bye-laws, for the purposes of subsection (1), a security which is not owned by a person includes, but is not limited to, a security that—

- (a) has been borrowed by that person;
- (b) is subject to any restriction on its sale; or
- (c) may be acquired by that person on the exercise of a right to acquire the security by purchase, conversion, exchange or any other means.

**96.** (1) The Commission may prescribe standards for the conduct of a registrant who is not a member of a self-regulatory organisation.

Standards of conduct for persons trading.

(2) The Commission may prescribe that a registrant shall keep a record of all trades executed by him other than through the facilities of a securities exchange and shall file with it a report of the trades in the prescribed form.

(3) The Commission may prescribe standards governing trading in a security that has been distributed and is not listed on a securities exchange.

Information to be filed with the Commission.

- 97.** (1) The Commission may prescribe that a registrant shall—
- (a) file with it such information about a missing, lost, counterfeit or stolen security as may be prescribed; and
  - (b) submit an inquiry to it for information filed pursuant to paragraph (a) in relation to a security—
    - (i) which is in the registrant's custody or control;
    - (ii) for which he is responsible; or
    - (iii) in respect of which he is effecting, clearing or settling a trade.

(2) Information filed with the Commission pursuant to subsection (1)(a) shall be made available forthwith on request to a registrant, financial institution or other prescribed person.

(3) A failure to comply with subsection (1)(b) does not affect a person's status as a *bona fide* purchaser of a security.

Prohibition on use of name of another registrant.

**98.** A registrant shall not use the name of another registrant on letterheads, forms, advertisements or signs, as a correspondent or otherwise, unless he is a partner, officer or agent of, or is authorised in writing by, the other registrant.

Representation as to registration.

**99.** A person shall not represent that he or any other person is registered under this Act unless—

- (a) the representation is true; and
- (b) in making the representation, he specifies his or the other person's category of registration under this Act.

Holding out by unregistered person.

**100.** A person who is not registered shall not, directly or indirectly, hold himself out as being registered.

Approval by Commission not to be advertised.

**101.** A person shall not represent, orally or in writing, that the Commission or a person authorised by the Commission, has in any way approved the financial standing, fitness or conduct of any registrant or evaluated the merits of any security or issuer.

PART VIII

SIMPLIFIED CLEARING FACILITIES

**102.** Notwithstanding any other written law, this Part shall have effect in relation to securities registered with the Commission.

Application of Part.

**103.** In this Part—

Definitions.

“blocked account” means an account of a participant over which a person other than the participant exercises control pursuant to procedures established under section 107;

“interested person” means a person who has an interest in a security in an account of a participant in a clearing agency;

“in writing” includes production in machine readable form;

“pledge” means a contractual interest in a security that is delivered to, retained by or deemed to be in the possession of a creditor to secure payment of a debt or other obligation and includes a mortgage or mortgage and pledge of a security;

“registered owner” means a person who is or is presumed to be shown on the securities register of an issuer as the owner of a security certificate issued by it; and

“security certificate” means an instrument issued by or on behalf of an issuer that is evidence of a security.

**104.** (1) On the issue of a security, an issuer may deliver a security certificate directly to a clearing agency as registered owner of the security if—

Use of clearing agency as registered owners of security.

(a) the issuer has written authorisation signed by or on behalf of the beneficial owner and the clearing agency; and

(b) the delivery of the certificate is evidenced by a written confirmation signed by the clearing agency and sent at once to the beneficial owner or his agent.

(2) On the issue of a security, an issuer may, instead of delivering a security certificate, issue a security to a registered clearing agency as registered owner by means of record entries if—

- (a) the issuer has written authorisation signed by or on behalf of the beneficial owner of the security;
- (b) the issue is further evidenced by a written confirmation executed by the clearing agency and sent at once to the beneficial owner of the security or his agent; and
- (c) the issue is recorded at once in the securities register of the issuer and the records of the clearing agency.

(3) A written confirmation referred to in subsection (1)(b) or (2)(b) is, in the absence of evidence to the contrary, proof that the person named in the confirmation is the beneficial owner of the securities described therein.

(4) A clearing agency shall not make an entry in its records under this section in respect of a security that is not fully paid.

Transfer of securities through clearing agency.

**105.** (1) Immediately after receipt of a security certificate from a participant, a clearing agency shall deliver the certificate to the issuer and request the transfer of the securities evidenced by the certificate to the clearing agency.

(2) Where a clearing agency presents a security certificate in proper form to an issuer and requests a transfer to it of the securities evidenced by the certificate, the issuer shall, if it has a duty to register the transfer, immediately enter the transfer in its securities register and deliver to the clearing agency a security certificate representing the securities and showing the clearing agency as registered owner.

(3) An issuer may, instead of issuing a security certificate under subsection (2), transfer a security to a clearing agency as the registered owner by means of record entries if—

- (a) the issuer has written authorisation signed by or on behalf of the beneficial owner of the security;

- (b) the transfer is further evidenced by a written confirmation executed by the clearing agency and sent at once to the beneficial owner of the security or his agent; and
- (c) the transfer is recorded at once in the securities register of the issuer and the records of the clearing agency.

(4) A written confirmation referred to in subsection (3)(b) is, in the absence of evidence to the contrary, proof that the person named in the confirmation is owner of the securities described therein.

**106.** On receipt of instructions in writing from a participant and, if the participant's account is blocked, from the person who exercises control over it, a clearing agency shall in accordance with those instructions, effect a transfer of a security from the participant to another participant by an entry in its records.

Transfer by  
record entry.

**107.** (1) A clearing agency shall establish a procedure whereby it or an interested person may exercise control over a participant's account in the clearing agency where—

Blocked  
account.

- (a) the interested person is, in relation to a security in the participant's account a beneficial owner, a pledgee, or a judgment creditor of the beneficial owner; or
- (b) a security in the participant's account is subject to a lien in favour of its issuer or to a restriction or constraint on its transfer.

(2) Subject to section 116(3), a clearing agency shall not transfer, deliver or otherwise deal with a security in a blocked account without instructions in writing from the person who exercises control over it.

**108.** (1) On receipt of instructions in writing from a participant and if the participant's account is blocked from the person who exercises control over it, a clearing agency shall in accordance with the instructions effect a transfer by way of pledge of a security from the participant to a pledgee by making an entry in its records to block an account in the name of the participant in favour of the pledgee for the amount of the debt or other obligation or the number of securities pledged.

Effecting pledge  
by record entry.

(2) On receipt of instructions in writing from a pledgee in whose favour an account is blocked under subsection (1) stating that he is entitled to realise the securities in the blocked account, a clearing agency shall in accordance with the instructions transfer the securities unless—

- (a) it knows that the pledgee is not entitled to realise the securities; or
- (b) its procedure established pursuant to section 107(1) specifies otherwise.

(3) A clearing agency is not liable for any loss resulting from compliance with the instructions of a pledgee under subsection (2) unless the clearing agency knows before the transfer that the pledgee is not entitled to the securities.

Effecting  
blocked account  
by record entry.

**109.** On receipt of instructions in writing from a participant and a beneficial owner of a security, a clearing agency may in accordance with the instructions make an entry in its records to block an account in the name of the participant in favour of the beneficial owner or in favour of a person who acts on his behalf.

Security subject  
to restriction.

**110.** (1) A clearing agency may refuse to open an account in respect of a security that is subject to—

- (a) a lien in favour of its issuer; or
- (b) a restriction or constraint on its transfer.

(2) A clearing agency may, with respect to a security referred to in subsection (1), make an entry in its records to block an account in the name of a participant in favour of the clearing agency or an interested person.

Blocking  
account by  
Court order.

**111.** (1) On the application of a creditor who has a judgment against a beneficial owner of a security held by a clearing agency, the Court may order the clearing agency to make an entry in its records to block an account in the name of the beneficial owner or his agent in favour of the judgment creditor for the amount or number of securities mentioned in the order.

(2) On receipt of an order of, or instructions in writing from the Court or an officer thereof stating that a judgment creditor in whose favour an account is blocked under subsection (1) is entitled to realise a security in the blocked account, a clearing agency shall transfer the security in accordance with the order or instructions.

(3) On the application of a person who in an action or an application under section 118 claims to be entitled to a security held for a beneficial owner in a clearing agency, the Court may order the clearing agency to make an entry in its records to block the account in the name of the beneficial owner or his agent in favour of the claimant for the amount or number of securities mentioned in the order.

(4) A clearing agency is not liable for any loss resulting from compliance with an order or instructions received under subsections (1) to (3).

**112.** A participant has no right to pledge, transfer or otherwise deal with a security held for him by a clearing agency except through the facilities of the clearing agency.

Limitation on rights of participants.

**113.** (1) On the receipt of a demand in writing from a participant for whom a security is held other than in a blocked account, for withdrawal of that security, a clearing agency shall within a reasonable time, subject to any proceedings under section 118, obtain and deliver to the participant a security certificate in his name or a name designated by him evidencing the security.

Withdrawal of security.

(2) On receipt of instructions in writing from a clearing agency that is the registered owner of securities to deliver a security certificate to it, the issuer of the security shall immediately deliver the certificate to the clearing agency in accordance with its instructions.

Issuer's duty to request list of participants.

**114.** (1) Where a clearing agency holds a class of securities of an issuer that proposes to close its securities register or fix a record date in respect of the class for the purpose of determining security holders entitled—

- (a) to receive notice of or to vote at a meeting of security-holders;
- (b) to receive payment of a dividend or interest; or
- (c) to participate in a liquidation distribution,

or for any other purpose, the issuer shall give the clearing agency such notice as may be prescribed of its intention to close its securities register or fix a record date.

(2) The notice referred to in subsection (1) shall request from the clearing agency a list of the names of the participants for whom the clearing agency holds securities of the class mentioned in that subsection made up as of the date on which it proposes to close its register or fix a record date.

(3) On receipt of a demand in writing from an issuer for a list of the names of participants for whom it holds securities of a class issued by the issuer, a clearing agency shall within seven days provide the issuer with a list setting out—

- (a) the names and addresses of, and
- (b) the number or amount of securities of the class held for,

each such participant made up as of the date specified in the demand.

(4) On receipt of a demand from an issuer under subsection (3), a clearing agency shall send notice of the demand to each participant that is a securities company.

(5) A participant that receives a notice sent pursuant to subsection (4) may—

- (a) furnish to the clearing agency or the issuer a list containing the name and address of all beneficial owners for whom the participant holds the securities and the number or amount of securities of the class so held; and
- (b) instruct the clearing agency to furnish the list to the issuer or inform the clearing agency that it has done so itself.

(6) Where a participant that receives a notice sent pursuant to subsection (4) does not provide a clearing agency or the issuer with a list of all the beneficial owners for whom it holds securities referred to in the notice, the participant shall at its own expense obtain from the issuer and send to each such beneficial owner, who is not included in the list and who has not instructed it otherwise in writing, any dividend or interest or any document that the issuer wishes to send to its security holders.

(7) A clearing agency that receives lists of beneficial owners under subsection (5) shall, before it furnishes the lists to the issuer, consolidate them into one list in a form that does not permit association of a beneficial owner with a participant and the clearing agency may charge participants a reasonable fee for the consolidation.

(8) A clearing agency shall treat as confidential any information it receives under subsection (5) concerning the beneficial ownership of securities.

(9) After receipt of a demand in writing from an issuer that has received a list of participants under subsection (3), a clearing agency shall provide the issuer with a current list made up as of a date subsequent to the demand showing any change in respect of the securities held for a participant since the date as of which the list under subsection (3) was made up.

(10) An issuer is entitled to obtain free of charge from a clearing agency in any one calendar year four lists of participants under subsection (3) with respect to each class of securities held by the clearing agency, and the issuer shall pay the clearing agency a reasonable amount for—

- (a) any additional cost attributable to a demand for a list made after the date when the issuer closed its securities register or fixed a record date; or
- (b) any additional list.

(11) An issuer is entitled to presume conclusively that a person named in a list obtained under this section is the owner of the securities of the issuer referred to in the list.

Access to clearing agency records.

**115.** (1) After submitting a request in writing to a clearing agency, a beneficial owner of a security of an issuer and the owner's agent may during the usual business hours examine a list of the records of the clearing agency that relate to any securities of the issuer held by it and may also make extracts therefrom without charge, and any other person may do so upon payment of a reasonable fee.

(2) A list referred to in subsection (1) shall be made up as of a specific date within a reasonable time after submission of the request.

Incorrect entry by clearing agency.

**116.** (1) Subject to subsection (3), an incorrect entry made in the records of a clearing agency in connection with a transfer or pledge of a security by reason of its error has the same effect as a correct entry.

(2) Subject to subsection (3), a clearing agency is liable to compensate a person who incurs a loss as a result of an incorrect entry made in its records by reason of its error.

(3) Where a clearing agency by reason of its error makes an incorrect entry in its records transferring a particular class of security to a participant's account, the clearing agency may, to the extent that there are securities of that class in the account, correct the entry in whole or in part without the participant's consent.

Liability in extraordinary circumstances.

**117.** Where a clearing agency is unable to effect a pledge or transfer of a security on its records because of an extraordinary event, it is not liable to compensate a person who incurs a loss as a result of a delay in effecting the pledge or transfer to the extent that it proves that it took reasonable corrective action.

Application to Court to rectify records.

**118.** (1) Where an entry is alleged to have been incorrectly made or retained in or omitted or deleted from the records of a clearing agency, other than in the circumstance outlined in section 116(3), the clearing agency or an interested person may apply to the Court for an order that the records be rectified.

(2) On an application under subsection (1), the Court may make any order it thinks fit including, without limiting the generality of the foregoing, an order—

- (a) determining who is an interested person and the notice to be given to such a person;
- (b) dispensing with notice to any person;
- (c) determining the right of a party to the proceedings to have his name entered or retained in or deleted or omitted from the records of a clearing agency;
- (d) directing that the records of a clearing agency be rectified;
- (e) directing that a clearing agency make an entry in its records to block an account; or
- (f) compensating any person.

**119.** (1) A clearing agency may hold securities for a financial institution that is authorised under the law applicable institutions to it to deliver or transfer any securities held by it into the custody of a clearing agency.

Participation by financial institution.

(2) The Commission may prescribe that a corporation incorporated by or under an Act of Parliament may deliver or transfer any securities held by it into the custody of a clearing agency.

(3) The Commission may make an order approving any aspect of the operating system of a clearing agency that is not inconsistent with this Part.

## PART IX

### DEALING BY PERSONS CONNECTED WITH ISSUERS

**120.** (1) Any reference in this Act to price sensitive information in relation to any securities of an issuer is a reference to specific unpublished information which, if generally known, might reasonably be expected to affect materially the price or value of the securities.

Definitions.

(2) For the purposes of this Act, a person is connected with an issuer only if—

- (a) he is a director of that issuer or a related issuer; or
- (b) he occupies a position as an officer (other than a director) or employee of that issuer or a related

company or a position involving a professional or business relationship between himself (or his employer or a company of which he is a director) and the issuer or a related company which, in either case, may reasonably be expected to give him access to information which, in relation to securities of either company is price sensitive information and which it would be reasonable to expect a person in his position not to disclose except for the performance of his functions.

(3) In this section, “related company” in relation to a company, means a body corporate which is the subsidiary or holding company of that company or the subsidiary of that company’s holding company.

(4) In this Part, “takeover bid” means an offer made by an offeror to shareholders of an offeree company to acquire all the shares of any class of issued shares of the offeree company, and includes every offer by an issuer to repurchase its own shares.

Prohibition of buying or selling of securities by certain persons.

**121.** (1) Subject to section 124, a person who is or at any time in the previous six months has been knowingly connected with an issuer shall not buy or sell or participate in any transaction on any securities exchange or other self-regulatory organisation relating to securities of that issuer if he has information which—

- (a) he holds by virtue of being connected with the first mentioned issuer;
- (b) it would be reasonable to expect a person so connected and the position by virtue of which he is so connected not to disclose except for the proper performance of the functions attaching to that position; and
- (c) he knows is price sensitive information in relation to those securities.

(2) Subject to section 124, an individual who is, or at any time in the preceding six months has been knowingly connected with an issuer shall not buy, sell or participate in any transaction on a securities exchange or any other registered self-regulatory organisation in securities of any other issuer if he has information which—

- (a) he holds by virtue of being connected with the first mentioned issuer;
- (b) it would be reasonable to expect a person so connected, and in the position by which he is so connected, not to disclose except for the proper performance of the functions attaching to that position; and
- (c) he knows is price sensitive information in relation to those securities of that other issuer; and
- (d) relates to any transaction (actual or contemplated) involving both the first issuer and that other issuer, or involving one of them and the securities of the other, or to the fact that any such transaction is no longer contemplated.

(3) Subsection (4) shall apply where a person (hereafter in this section referred to as “the recipient”) has information which he knowingly obtained, directly or indirectly, from another person who—

- (a) is connected with a particular issuer, or was at any time in the six months preceding the obtaining of the information so connected; and
- (b) the first mentioned person knows or has cause to believe that, because of the latter’s connection and position, it would be reasonable to expect him not to disclose the information except for the proper performance of the functions attaching to that position.

(4) Subject to section 124, the recipient—

- (a) shall not buy, sell or participate in any transaction on any securities exchange or any other self-regulatory organisation in securities of that issuer if he knows that the information is price sensitive information in relation to those securities;

(b) shall not buy, sell or participate in any transaction on any securities exchange or any other self-regulatory organisation in securities of any other issuer if he knows that the information is price sensitive information in relation to any transaction, actual or contemplated, involving the first mentioned issuer and the other issuer, or in relation to the fact that any such transaction is no longer contemplated.

(5) Subject to section 124, where a person is contemplating, or has contemplated, making (whether with or without another person) a takeover bid for an issuer in a particular capacity, that person shall not buy, sell or participate in any transaction on any securities exchange or any other self-regulatory organisation in another capacity if he knows that information that the offer is contemplated, or is no longer contemplated, is price sensitive information in relation to those securities.

(6) Subject to section 124, where a person who knowingly obtained, directly or indirectly, from a person to whom subsection (5) applies, information that the offer referred to in that subsection is being contemplated or is no longer contemplated, the first mentioned person shall not himself buy, sell or participate in any transaction on any securities exchange or any other self-regulatory organisation in securities of that issuer if he knows that the information is price sensitive information in relation to those securities.

(7) Subject to section 124, a person who is for the time being prohibited by this section from buying, selling or participating in any transaction on any securities exchange or any other self-regulatory organisation in any securities shall not counsel or procure any other person to buy, sell or participate in any transaction in those securities, knowing or having reasonable cause to believe that the other person would buy, sell or participate in a transaction in them on any securities exchange or any other self-regulatory organisation.

(8) Subject to section 124, a person who is for the time being prohibited pursuant to this section from buying, selling or participating in any transaction on any securities exchange or any other self-regulatory organisation in any securities by reason of his having any information, shall not communicate that information to any other person if he knows or has reasonable cause to believe that that person or some other person will make use of the information for the purpose of buying, selling or participating in any transaction on any securities exchange or any other self-regulatory organisation in those securities.

**122.** (1) An issuer may by notice in writing require any member of the issuer within such reasonable time as is specified in the notice—

Disclosure of  
beneficial  
interest in share  
capital.

- (a) to indicate in writing the capacity in which he holds any shares comprised in relevant share capital of the issuer; and
- (b) if he holds them otherwise than as beneficial owner, to indicate in writing so far as it lies within his knowledge, the person who has an interest in them (either by name and address or by other particulars sufficient to enable that person to be identified) and the nature of that person's interest.

(2) Where an issuer is informed in pursuance of a notice given to any person under subsection (1) or paragraph (b), that any other person has an interest in any shares comprised in relevant share capital of the issuer, the issuer may by notice in writing require that other person within such reasonable time as specified in the notice—

- (a) to indicate in writing the capacity in which he holds that interest; and
- (b) if he holds it otherwise than as beneficial owner, to indicate in writing so far as it lies within his knowledge, the person who has an interest in it (either by name and address or by other particulars sufficient to enable him to be identified) and the nature of that person's interest.

(3) Any issuer may by notice in writing require any member of the issuer to indicate in writing, within such reasonable time as is specified in the notice, whether any of the voting rights carried by any shares comprised in the relevant share capital of the issuer held by him are the subject of an agreement or arrangement under which another person is entitled to control his exercise of those rights and, if so, to give so far as it lies within his knowledge written particulars of the agreement or arrangement and the parties to it.

(4) Where an issuer is informed in pursuance of a notice given to any person under subsection (3) or this subsection that any other person is a party to such agreement or arrangement as is mentioned in subsection (3), the issuer may by notice in writing require that other person within such reasonable time as is specified in the notice to give, so far as it lies within his knowledge, written particulars of the agreement or arrangement and the parties to it.

(5) Whenever an issuer receives information from a person in pursuance of a requirement imposed on him under this section it shall inscribe in the prescribed record—

- (a) the fact that the requirement was imposed and the date on which it was imposed; and
- (b) the information received in pursuance of the requirement.

(6) For the purposes of this section, the expression “relevant share capital” means issued share capital of a class carrying the right to vote in all circumstances and at all general meetings.

Offences.

**123.** Any person who commits a breach of any section in this Part, other than section 121, or who, in complying with any other section, makes a statement which he knows to be false, or recklessly makes a statement which is false, or fails to supply any particulars which he is required to supply shall be guilty of an offence and liable—

- (a) on summary conviction to a fine of ten thousand dollars and to imprisonment for three months;
- (b) on conviction on indictment to a fine of twenty thousand dollars and to imprisonment for six months.

**124.** (1) Section 121 does not prohibit a person by reason of his having any information from—

Exceptions to section 121.

- (a) doing any particular thing otherwise than with a view to the making of a profit or the avoidance of a loss, whether for himself or another person, by the use of that information;
- (b) entering into a transaction in the course of the exercise in good faith of his functions as liquidator, receiver or trustee in bankruptcy;
- (c) doing any particular thing if the information—
  - (i) was obtained by him in the course of business as a broker or trader in which he was engaged or employed; and
  - (ii) was of a description which it would be reasonable to expect him to obtain in the ordinary course of that business, and he does that thing in good faith in the course of that business; or
- (d) acquiring shares, stocks, unit certificates, participation certificates or certificates of shares of interest through—
  - (i) employee profit sharing plans and employee stock ownership plans established to provide for the ownership of such securities by all permanent employees;
  - (ii) sale or purchase of such securities by an employee or director not exceeding one-half of one per cent of the issued share capital of his employer over a period of one year.

(2) A person is not, by reason only of his having information relating to any particular transaction prohibited—

- (a) by section 121(2), (4)(b), (5) or (6) from buying or selling or participating in any transaction on any securities exchange or on any other self-regulatory organisation in any securities; or

(b) by section 121(7) or (8) from doing any other thing in relation to securities which he is prohibited from buying or selling or causing to be traded on any securities exchange or any other self-regulatory organisation by any of the provisions mentioned in paragraph (a),

if he does that thing in order to facilitate the completion or carrying out of the transaction.

Defence not available.

**125.** Where a person is accused of an offence under section 121, it shall not be a defence to the charge that the information in respect of which the acquisition has been made came to his knowledge without having been solicited by him or that he made no effort to procure the acquisition of such information.

Application to trustees and personal representatives.

**126.** (1) Where a person referred to in subsection (2) buys, sells or participates in any transaction in any securities or counsels or procures any other person to buy, sell or participate in any transaction on any securities exchange or any other self-regulatory organisation, he is presumed to have acted with propriety if he acted on the advice of a person who—

- (a) appeared to him to be an appropriate person from whom to seek such advice; and
- (b) did not appear to him to be prohibited by section 121, from buying, selling or participating in any transaction on any securities exchange or any self-regulatory organisation in those securities.

(2) Subsection (1) applies to a person who is a trustee or personal representative or, where a trustee or personal representative is a body corporate, a person acting on behalf of that trustee or personal representative who, apart from section 124(1)(a) would be prohibited by section 121 from buying, selling or participating in any transaction on any securities exchange or any other self-regulatory organisation, or counselling or procuring any other person to buy, sell or participate in any transaction on any securities exchange or any other self-regulatory organisation.

(3) In subsection (1) “with propriety” means otherwise than with a view to making a profit or the avoidance of a loss, whether for himself or another person, by the use of the information in question.

**127.** (1) A person who contravenes section 121 is liable— Penalties.

- (a) on conviction on indictment to a fine of two hundred thousand dollars and to imprisonment for two years; and
- (b) on summary conviction to a fine of fifty thousand dollars and to imprisonment for six months.

(2) No transaction is void or voidable by reason only that it was entered into in contravention of section 121.

#### PART X

#### CIVIL LIABILITY

**128.** (1) Subject to this section, each of the following designated persons is, for any loss or damage sustained by other persons who, on the faith of a prospectus, subscribe for, or purchase any securities, liable for any loss or damage sustained those other persons by reason of any untrue statement in the prospectus, or by reason of the wilful non-disclosure in the prospectus of any matter of which the designated person had knowledge and that he knew to be material, namely:

Persons liable for damage *re* untrue statement, etc., in prospectus.

- (a) a person who is a director of an issuer at the time of the issue of the prospectus;
- (b) a person who authorised or caused himself to be named, and is named, in the prospectus as a director or as having agreed to become a director, either immediately or after an interval of time;
- (c) a person who was involved in the incorporation of the issuer; or
- (d) a person who authorised or caused the issue of the prospectus.

(2) Notwithstanding subsection (1), where the consent of an expert is required to the issue of a prospectus and he has given that consent, he is not, by reason only of the consent, liable as a

person who has authorised or cause the issue of the prospectus, except in respect of an untrue statement purporting to be made by him as an expert; and the inclusion in the prospectus of a name of a person as a trustee for debenture holders, auditor, banker, Attorney-at-law, transfer agent or stockbroker may not, for that reason alone, be taken as an authorisation by him of the issue of the prospectus.

- (3) No person is liable under subsection (1)—
- (a) who, having consented to become a director of the issuer, withdrew his consent before the issue of the prospectus and the prospectus was issued without his authority or consent;
  - (b) who, when the prospectus was issued without his knowledge or consent, gave reasonable public notice of that fact forthwith after he became aware of its issuer;
  - (c) who, after the issue of the prospectus and before allotment or sale under it, became aware of an untrue statement in it and withdrew his consent, and gave reasonable public notice of the withdrawal of his consent and the reasons for it; or
  - (d) who, as regards every untrue statement not purporting to be made on the authority of an expert or of a public official document or statement, had reasonable ground, to believe and did, up to the time of the allotment or sale of the securities, believe that the statement was true.
- (4) No person is liable under subsection (1)—
- (a) if, as regards every untrue statement purporting to be a statement made by an expert or to be based on a statement made by an expert, the untrue statement fairly represented was a correct and fair copy of, or extract from, the report or valuation and that person had reasonable grounds to believe and did, up to the time of the issue of the prospectus, believe, that the expert making the

- statement was competent to make it, and had given his consent as required under section 74 to the issue of the prospectus and had not withdrawn that consent before delivery of a copy of the prospectus for registration, nor had the expert, to the person's knowledge, withdrawn that consent before allotment or sale under the prospectus; or
- (b) if, as regards every untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy of, or extract from, a public official document, the untrue statement was a correct and fair representation of the statement or a copy of, or extract from, the document.

(5) Subsections (3) and (4) do not apply in the case of a person liable, by reason of his having given a consent required of him by section 74, as a person who has authorised or caused the issue of the prospectus in respect of an untrue statement purporting to have been made by him as an expert.

(6) A person who, apart from this subsection, would be liable under subsection (1), by reason of his having given a consent required of him by section 74, as a person who has authorised or caused the issue of a prospectus in respect of an untrue statement purporting to be made by him as an expert, is not liable—

- (a) if, having given his consent under that section to the issue of the prospectus, he withdrew his consent in writing before a copy of the prospectus was lodged with the Commission;
- (b) if, after a copy of the prospectus was lodged with the Commission and before allotment or sale under the prospectus, he, on becoming aware of the untrue statement, withdrew his consent in writing and gave reasonable public notice of the withdrawal and of the reasons for the withdrawal; or
- (c) if he was competent to make the statement and had reasonable grounds to believe, and did, up to the time of the allotment or sale of the shares or debentures, believe that the statement was true.

## (7) When—

- (a) a prospectus contains the name of a person as a director of the issuer, or as having agreed to become a director, and he has not consented to become a director, or has withdrawn his consent before the issue of the prospectus and has not authorised or consented to its issue; or
- (b) the consent of a person is required under section 74 to the issue of a prospectus and he either has not given the consent or has withdrawn it before the issue of the prospectus,

any person who authorised or caused the issue of the prospectus and the directors of the company, other than those directors without whose knowledge or consent the prospectus was issued, are liable to indemnify the person so named, or whose consent was so required, against all damages, costs and expenses to which he might be liable by reason of his name having been inserted in the prospectus, or of the inclusion of a statement purporting to be made by him as an expert, or in defending himself against any action or legal proceedings brought against him in respect thereof.

(8) The liability of all persons referred to in subsection (1) is joint and several as between themselves with respect to the same cause of action.

(9) A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable under this section to make the same payment in the same cause of action unless, in all the circumstances of the case, the Court is satisfied that it would not be just and equitable.

Action by security holders for rescission of allotments or repayment of issue price.

**129.** (1) A security holder may bring, against an issuer that has allotted securities under a prospectus, an action for the rescission of the allotment and the repayment to him of the whole or part of the issue price that has been paid in respect of the security, if—

- (a) the prospectus contained a material statement, promise or forecast that was intentionally false, deceptive or misleading; or

(b) the prospectus did not contain a statement, report or account required under this Act or the bye-laws to be contained in it.

(2) In this section “security holder” means a holder of any of the securities allotted under the prospectus, whether the original allottee or a person deriving title under him.

(3) For the purposes of this section—

(a) a prospectus contains a material statement, promise or forecast if the statement, promise or forecast was made in such a manner or context, or in such circumstances, as to be likely to influence a reasonable man in deciding whether to invest in the securities offered for subscription; and

(b) a statement, report or account is omitted from a prospectus if it is omitted entirely, or if it does not contain all the information required by this Act or the bye-laws to be given in the statement, report or account.

(4) In an action brought under this section, the plaintiff need not prove that he, or the person to whom the securities he holds were allotted, was in fact influenced by the statement, promise or forecast that he alleges to be intentionally false, deceptive or misleading, or by the omission of any report, statement or account required to be contained in the prospectus.

(5) No action may be brought under this section more than two years after the first issue of the prospectus under which securities were allotted to the plaintiff or the person under whom the plaintiff derives title.

(6) Subject to subsection (9), it is a defence to an action under this section for the issuer to prove that—

(a) the plaintiff was the allottee of the securities in right of which the action was brought and that at the time they were allotted to him he knew that the statement, promise or forecast of which he complains was intentionally false, deceptive or misleading, or that he knew of the omission from the prospectus of the matter of which he complains; or

(b) the plaintiff has received a dividend or payment of interest, or has voted at a meeting of shareholders or debenture holders since he discovered that the statement, promise or forecast of which he complains was intentionally false, deceptive or misleading, or since he discovered the omission from the prospectus of the matter of which he complains.

(7) An action may not be dismissed if there are several plaintiffs, when the issuer proves that it has a defence under subsection (8) against each of them; and in any case in which the issuer proves that it has a defence against the plaintiff or all the plaintiffs, the Court may, instead of dismissing the action, substitute some other security holder of the same class as plaintiff.

(8) Where an issuer would have a defence under subsection (8) but for the fact that the allottee of the securities in right of which the action is brought has transferred or renounced them, the issuer may bring an action against the allottee for an indemnity against any sum that the Court orders it to pay to the plaintiff in the action.

(9) This section applies to securities allotted pursuant to an underwriting contract as if they had been allotted under the prospectus.

(10) This section applies to securities issued under a prospectus that offers them for subscription in consideration of the transfer or surrender of other securities, whether with or without the payment of cash by or to the issuer, as though the issue price of the securities offered for subscription were the fair value, as ascertained by the Court, of the securities to be transferred or surrendered, plus the amount of cash, if any, to be paid by the issuer.

(11) The right of action for damages conferred by section 128 is in addition to and not in derogation of any other right the purchaser may have.

**130.** (1) The Commission may apply to a Judge of the Court for leave to bring an action under this Part in the name and on behalf of an issuer and the Judge may grant leave on any terms as to security for costs or otherwise that he considers proper if he is satisfied that—

Commission may seek leave to bring action or appear or intervene in an action.

- (a) the Commission has reasonable grounds for believing that a cause of action exists under this Part; and
- (b) the Commission gave reasonable notice to the issuer who refused or failed to commence an action.

(2) The Commission may apply to a Judge of the Court for leave to bring an action under this Part in the name and on behalf of a security holder and the Judge may grant leave on any terms as to security for cost or otherwise that he considers proper if he is satisfied that—

- (a) the Commission has reasonable grounds for believing that a cause of action exists under this Part; and
- (b) the security holder has failed or is unable to commence the action.

(3) The Commission may apply to a Judge of the Court for leave to appear or intervene in an action under this Part and the Judge may grant leave on such terms as he considers appropriate.

(4) The Commission may publish a summary of the terms of any settlement of an action commenced or intervened in by it in a regular periodical published by it, or in a daily newspaper.

## PART XI

### ENFORCEMENT

#### DIVISION 1—BYE-LAWS

**131.** (1) The Minister may, on the recommendation of the Commission, make Bye-laws—

Bye-laws.

- (a) classifying persons, securities, trades, distributions, registration under Part III, IV or V, filings, applications and other matters and prescribing requirements appropriate to each class;

- (b) respecting registration under this Act including but not limited to prescribing conditions to be met by persons registered in each category;
- (c) prescribing the method of record keeping and the type and form of records to be kept by each category of person registered under this Act;
- (d) prescribing the format and contents of filings and applications and the filing of copies of documents filed with any government agency;
- (e) prescribing the accounting principles and standards used in the preparation of financial statements;
- (f) requiring examination of and reporting on financial statements by independent accountants;
- (g) establishing standards of independence for accountants in relation to financial statements;
- (h) prescribing the form and content of an independent accountant's report;
- (i) prescribing fees for any filing with or other application to the Commission;
- (j) governing conflicts of interests for Commissioners, the General Manager and other employees of the Commission and other persons engaged by the Commission to act as advisers or to perform duties under this Act;
- (k) prescribing any matter or thing required by this Act to be prescribed; and
- (l) respecting any other matter authorised by or required to carry out the purposes of this Act.

(2) The Minister may, on the recommendation of the Commission, make Bye-laws governing takeovers in respect of public companies.

(3) Bye-laws made under this section shall be subject to negative resolution of Parliament.

(4) Without prejudice to the generality of subsection (2), bye-laws made thereunder may include—

- (a) the level of acquisition of voting rights by a person or persons acting in concert at which an offer to all shareholders of the relevant shares shall become mandatory and the conditions applying to such offers;
- (b) the requirements of the offeror and offeree companies in respect of information to be disclosed to shareholders of both companies;
- (c) the requirements as regards equitable treatment of shareholders of the same class or cash alternatives in offers or both;
- (d) the timing of offer procedures and circulation of documentation;
- (e) conditions observable in the dealing of shares by the offeror or by persons in concert during the offer period and the reporting to the Commission of dealings in the shares of the offeree company during the takeover period;
- (f) the minimum period within which an unsuccessful offer may not be renewed;
- (g) the requirements to protect minority interests.

(5) The Commission may establish a committee under section 16 to administer the bye-laws made under subsection (2) and may make rules for the conduct of the business of that committee.

(6) Bye-laws may provide that a contravention thereof shall be punishable on summary conviction by a fine of one hundred thousand dollars and imprisonment for two years.

(7) Notwithstanding subsections (1) and (2), the first Bye-laws made under each of those subsections may be made by the Minister without the recommendation of the Commission and for the purposes of this subsection, section 132 shall not apply.

Publication of  
proposed laws.

**132.** (1) The Commission shall publish in the *Gazette*, in a daily newspaper and in any regular periodical published by the Commission at least sixty days before the proposed effective date thereof—

- (a) a copy of any bye-law that it proposes to recommend to the Minister;
- (b) a concise statement of the substance and purpose of the proposed bye-law; and
- (c) a reference to the authority under which the bye-law is proposed.

(2) After a proposed bye-law is published in accordance with subsection (1), the Commission shall afford a reasonable opportunity to interested persons to make representations in writing with respect to the proposed bye-law.

(3) The Commission, where it considers it necessary, may convene a hearing for the presentation of oral argument or the submission of evidence orally and may permit cross-examination by interested persons in order to determine an issue of specific fact that is material to its consideration of a proposed bye-law.

(4) The Commission is not required to comply with subsections (1) and (2) if—

- (a) all persons who will be subject to the bye-law are named and the information required by subsection (1)(a) to (c) is sent to each of them;
- (b) the bye-law only grants an exemption or relieves a restriction and is not likely to have a substantial impact on the interests of persons other than those who benefit under it;
- (c) the bye-law makes no material substantive change in an existing bye-law; or
- (d) the Commission for good cause finds that compliance with subsections (1) and (2) is impracticable or unnecessary and publishes the finding and a concise statement of the reasons for it.

(5) Any person may petition the Commission to recommend the making, amendment or revocation of a bye-law.

**DIVISION 2 — ORDERS OF COMMISSION**

**133.** (1) The Commission may make an order on its own motion or on application by an interested person— Power to make orders.

- (a) classifying a person, security, trade, distribution, registration under Part III, IV or V, filing, application or other matter and imposing requirements appropriate to the class;
- (b) permitting or requiring in a filing or application the filing of copies of documents filed with another government agency; and
- (c) respecting any other matter authorised by or required to carry out the purposes of this Act.

(2) A declaratory order or an order granting an exemption is effective against all persons, but the Commission shall make an order revoking or modifying, such an order when it finds that a determination reflected in it is no longer consistent with the facts.

**134.** (1) The Commission shall, before making a final order, provide a reasonable opportunity for a hearing to each person directly affected and shall give reasonable notice to each such person and to any interested self-regulatory organisation including— Conduct of hearings.

- (a) a statement of the time, place and purpose of the hearing;
  - (b) a reference to the authority under which the hearing is to be held;
  - (c) a concise statement of the allegations of fact and law; and
  - (d) a statement that if the person fails to attend at the hearing, the Commission may proceed without giving him further notice.
- (2) The Commission may—
- (a) issue a subpoena or other request or summons requiring a person to attend at a hearing, to testify to all matters relating to the subject of the hearing

and to produce all records relating to the subject of the hearing that are in his possession or under his control, whether they are located in or outside Trinidad and Tobago; and

(b) compel a person to give evidence on oath, affirmation or otherwise as it thinks necessary, orally or in writing.

(2A) Notwithstanding subsection (2), no person giving evidence before the Commission shall be compellable to criminate himself, and every such person shall, in respect of any evidence given by him before the Commission, be entitled to all privileges to which a witness giving evidence before the High Court is entitled in respect of evidence given by him before such Court.

(3) A hearing under subsection (1) shall be open to the public unless the Commission directs otherwise in order to protect the interests of the persons affected, but if all persons directly affected and appearing so request, a hearing shall be open to the public.

(4) A person who is entitled to notice of a hearing under subsection (1) may be represented by an Attorney-at-law and, subject to rules made under section 21, may present evidence and argument and may cross-examine witnesses at the hearing.

(5) A witness at a hearing under subsection (1) may be advised by an Attorney-at-law.

(6) The Commission may admit as evidence at a hearing any oral testimony or documentary exhibit that it considers relevant to the subject matter of the proceedings and may take notice of any fact that may be judicially noticed and of any generally recognised scientific or technical fact, information or opinion within its area of expertise.

(7) The Commission shall make provision for all oral evidence presented at a hearing under subsection (1) to be transcribed.

- (8) The Commission shall—
- (a) make a final order in writing and state the findings of fact on which it is based and the reasons for it;
  - (b) send a copy of the order and reasons to each person entitled to notice under subsection (1) and to each person who appeared at the hearing; and
  - (c) publish a copy of the order and reasons or a summary thereof in a periodical published by it or in a daily newspaper but the Commission may omit the name of an affected person from an order so published.
- (9) Subsection (1) does not apply to an order that—
- (a) is made under section 138(1) or 139(1);
  - (b) is essentially procedural; or
  - (c) does not adversely affect the rights or interests of any person.

#### DIVISION 3 — APPEALS

**135.** (1) A person directly affected by a final order made pursuant to authority delegated under section 7, or by an order of a self-regulatory organisation under section 43, may appeal the order to the Commission.

Appeals for review *re* section 7 or 43.

(2) The Commission may of its own motion review an order made pursuant to authority delegated under section 7 or made by a self-regulatory organisation under section 43 and shall provide a reasonable opportunity for a hearing and give reasonable notice to each person, including a self-regulatory organisation, directly affected by the order.

(3) On an appeal or review under this section the Commission may, subject to section 44, confirm the order or make such orders as it considers appropriate.

(4) An order that is subject to appeal or review under this section takes effect immediately, but the Commission or the person who made the order may grant a stay pending the decision of the Commission.

Appeal to Court  
of Appeal  
against final  
order.

**136.** (1) A person directly affected by a final order of the Commission may appeal the order to the Court of Appeal.

(2) No appeal may be made under this section unless the person affected has taken all reasonable steps available to appeal or obtain review of the order pursuant to section 135.

(3) An order that is subject to appeal under this section takes effect immediately, but the Commission or the Court of Appeal may grant a stay pending the hearing of the appeal.

(4) The Commission is entitled to appear and be heard on the merits on an appeal under this section or on any other application to the Court of Appeal relating to the exercise by the Commission of its powers.

(5) On an appeal under this section, the Court of Appeal may make or may direct the Commission to make any order that the Commission is authorised to make and which that Court considers proper, or it may remand the case to the Commission for further proceedings subject to any conditions which that Court thinks fit.

(6) On an appeal under this section against a cease trading order under section 141 or an order under section 142, the Court of Appeal may confirm the order or may, if the order is arbitrary, capricious or an abuse of discretion, revoke it.

Appeal to Court  
of Appeal  
against bye-law.

**137.** (1) A person affected by a bye-law of the Commission may appeal to the Court of Appeal against the application of that bye-law to him.

(2) A bye-law that is subject to appeal under this section takes effect at the time specified by the Commission, but the Commission or the Court of Appeal may grant a stay pending review.

(3) The Commission is entitled to appear and be heard on the merits on an appeal under this section.

(4) On an appeal under this section, the Court of Appeal may confirm or revoke a bye-law or may remand the matter to

the Commission or further proceedings subject to any conditions that Court considers proper, but the Court of Appeal may revoke a bye-law only if—

- (a) it is arbitrary, capricious or an abuse of discretion;
- (b) it is in excess of the Commission's jurisdiction;
- (c) it was made in contravention of section 132; or
- (d) a specific material fact found by the Commission after an evidentiary hearing convened pursuant to section 135 is not supported by the evidence.

(5) For the purposes of this section, an order of the Commission under section 40 or 41 is a bye-law.

#### DIVISION 4 — INVESTIGATIONS

**138.** (1) The Commission may appoint a person to conduct an investigation to ascertain whether any person has contravened, is contravening or is about to contravene this Act.

Investigation of  
contraventions.

(2) A person appointed by the Commission pursuant to subsection (1) may issue a subpoena or other request or summons requiring a person to attend at a specified time and place, to testify to all matters relating to the subject of an investigation and to produce all records relating to the subject of the investigation that are in his possession or under his control.

(3) A person appointed by the Commission pursuant to subsection (1) may compel a person to give evidence on oath, affirmation or otherwise as he thinks necessary, orally or in writing, and may administer an oath or affirmation at any place.

(4) A person who gives evidence in an investigation under this section may be represented by an Attorney-at-law.

(5) Where a person who is required by the Commission to give evidence or attend a hearing in the course of an investigation fails or refuses to—

- (a) attend; or
- (b) give evidence on oath, or with affirmation,

the Commission may make an application to the Court to so compel the person.

(6) An investigation under this section shall be held *in camera*.

(7) A person appointed by the Commission pursuant to subsection (1) shall provide the Commission with a full and complete report of the investigation including any transcript of evidence and any material in his possession relating to the investigation.

(8) The Commission may publish a report or other information concerning an investigation under this section, but if it intends to do so it shall—

- (a) provide a person against whom an adverse finding is to be made with fourteen days notice of the finding and an opportunity to be heard in person or by an Attorney-at-law; and
- (b) if practicable, provide a person who is likely to receive adverse publicity with advance notice of the publication and a reasonable opportunity to prepare a response prior to publication.

Conduct of  
inquiry *re*  
proposed  
bye-laws.

**139.** (1) The Commission may conduct an inquiry to aid in the prescription of bye-laws under this Act or to obtain information as a basis for recommending legislation relating to the Act or its subject matter.

(2) The Commission may exercise the powers specified in section 138(2) and (3) in relation to an inquiry under this section.

(3) A person who gives evidence in an inquiry under this section may be represented by an Attorney-at-law.

(4) An inquiry under this section may be conducted in public, but a person who is likely to receive adverse publicity as a result of the inquiry being public shall be afforded, if practicable, a reasonable opportunity to state his position for the record in the inquiry.

(5) The Commission may publish a report or other information concerning an inquiry under this section but a person who is likely to receive adverse publicity as a result of such publication shall be afforded, if practicable, advance notice of the publication and a reasonable opportunity to prepare a response prior to publication.

**140.** (1) The Commission may at any time, where it is of the view that a registrant may be in breach of this Act, appoint a person in writing to examine the records and financial affairs of a registrant and to prepare such financial or other reports as the Commission requires.

Investigation of financial affairs of registrants and others.

(2) Where, upon the application *ex parte* of the Commission, the Court is satisfied that a person other than a registrant may be in breach of this Act, the Court may make an order authorising the Commission to examine the records and financial affairs of that person.

(3) A person appointed by the Commission pursuant to subsection (1) or (2) may examine all the records, books of account, securities, cash, bank accounts and other data of the registrant or person whose affairs are to be examined.

(4) No person shall withhold, conceal, destroy or refuse to produce any information or record reasonably required for the purpose of the examination by a person appointed pursuant to subsection (1) or (2).

(5) The Commission may charge a registrant a prescribed fee for an examination made under this section.

**141.** (1) Where the Commission considers that—

- (a) a security is being traded in connection with a distribution contrary to Part VI;
- (b) a prospectus, summary prospectus, preliminary prospectus, block distribution circular or any other document used in connection with a distribution contains a misrepresentation or omits a material fact required to be included;
- (c) any of the circumstances specified in section 76(2) as the basis for a refusal to issue a receipt for a prospectus exists; or
- (d) an issuer, selling security holder or underwriter fails to provide information, including financial statements relating to the issuer or the distribution that is reasonably requested by the Commission,

Power to order cessation of trading.

the Commission may order that all trading in connection with the distribution cease.

- (2) Where the Commission considers that—
- (a) a material fact relating to an issuer of a security has not been disclosed and become public;
  - (b) trading in a security or fluctuations in the price of a security requires or require explanation; or
  - (c) it is otherwise in the public interest or necessary for the protection of investors,

the Commission may order, subject to such conditions as it considers appropriate, that trading cease in respect of any security for a period specified by it.

(3) Where the Commission considers that it is in the public interest or necessary for the protection of investors, it may make an order prohibiting, subject to such conditions as it considers appropriate, a person who contravenes this Act from trading in securities or from trading a specified security.

(4) The Commission may make an order under subsection (1) or (3) without holding a hearing as required by section 134, but it shall provide an opportunity for such a hearing within fifteen days of the making of the order and the order remains in effect until the hearing is completed.

(5) The Commission may make an order under subsection (2) without holding a hearing as required by section 134, but it shall provide an opportunity for such a hearing within fifteen days of the making of the order and the order remains in effect until the hearing is completed, unless the order was made pursuant to subsection (2)(a), in which case the Commission may extend it until the material fact is disclosed and becomes public.

(6) The Commission shall forthwith give notice of an order under this section to—

- (a) each person named in the order;
- (b) the issuer of a security specified in the order;
- (c) any other person the Commission believes is directly affected by the order; and
- (d) if the order is made pursuant to subsection (1) or (2) every person registered under Parts IV and V,

and shall include notice of the order in a regular periodical published by it, or in a daily newspaper.

(7) No person shall trade in contravention of an order under this section.

**142.** (1) Where the Commission, after a hearing, considers it to be in the public interest, it may order—

Protection of  
investors  
*re* dealers in  
money, etc.

(a) that a person comply with or cease contravening, and that the directors and senior officers of the person cause the person to comply with or cease contravening—

(i) this Act or the bye-laws;

(ii) an order of the Commission;

(iii) a rule, direction, decision or order made under a rule of a self-regulatory organisation;

(b) that a person resign any position that the person holds as a director or officer of a registered issuer;

(c) that a registrant or registered issuer—

(i) is prohibited from disseminating to the public, or authorising the dissemination to the public of, any information or record of any kind described in the order;

(ii) is required to disseminate to the public, by the method described in the order, any information or record relating to the affairs of the registrant or issuer that the Commission considers must be disseminated;

(iii) is required to amend, in the manner specified in the order, any information or record of any kind described in the order before disseminating the information or record to the public or authorising its dissemination to the public; or

(d) that a registrant be reprimanded or that person's registration be suspended, cancelled or restricted.

(2) The Commission shall send written notice of every order made under this section to any person that is directly affected by the order.

Order for  
penalty.

**143.** (1) Where the Commission after a hearing determines that a person has contravened this Act or any bye-law or an order of the Commission and considers it to be in the public interest to make the order, the Commission may order the person to pay to the State a penalty of not more than fifty thousand dollars.

(2) Where the Commission makes an order under subsection (1) the Commission shall file in the registry of the Court a copy of the order certified by the Chairman of the Commission and on being filed the order shall have the same force and effect, and all proceedings may be taken on it, as if it were a judgment of the Court, unless an appeal has been filed pursuant to section 136.

(3) Every penalty imposed by the Commission in the exercise of its powers under this Act shall be payable into the general revenue and may be recovered by the State as a civil debt and for the purposes of the proof of such debt a certificate under the hand of the Chairman or the Chief Executive Officer of the Commission shall be receivable in evidence as sufficient proof of such debt.

#### DIVISION 5 — ORDERS OF COURT

Court orders for  
enforcing  
compliance.

**144.** (1) Where the Commission considers that a person has failed to comply with or is contravening this Act or any bye-law or an order, the Commission may, in addition to any other powers it may have, apply to the Court for a permanent or temporary injunction directing—

- (a) the person to comply with or to cease contravening this Act, the bye-law or the order; and
- (b) the directors and senior officers of the person to cause the person to comply with or to cease contravening this Act, the bye-law or the order.

(2) On application under subsection (1), the Court may make any interim or final order it thinks fit including, without limiting the generality of the foregoing—

- (a) an order requiring restitution or disgorgement of profits;
- (b) an order restraining the conduct complained of;

- (c) an order requiring compliance with this Act or the bye-laws or an order;
- (d) an order requiring disclosure of any information;
- (e) an order setting aside a transaction relating to trading in securities; or
- (f) an order requiring the issuance or cancellation of a security or the purchase, disposition or exchange of a security.

(3) An order may be made under this section notwithstanding that a penalty has already been imposed on that person in respect of the same non-compliance or contravention.

**145.** (1) Where the Commission considers that it is necessary in the public interest or for the protection of investors to prevent—

Appointment of receiver, etc.

- (a) a person who has contravened this Act or any bye-law; or
- (b) a person whose registration under this Act has been suspended or revoked,

from dealing with property under his control or direction, it may apply to the Court and the Court may appoint a receiver or receiver-manager of the property if it is satisfied that it is in the interests of investors or persons whose property is controlled by that person, creditors or security holders of that person, or members of that person to do so.

(2) Where the Commission intends to apply to the Court to appoint a receiver or receiver-manager in respect of the property of a financial institution, the Commission shall, before making the application, consult with the Inspector of Banks with regard to the proposed application.

(3) The Court may make an order under subsection (1) on an *ex parte* application by the Commission for a period not exceeding fifteen days.

(4) The provisions of Division 3 of Part IV of the Companies Act shall apply to a receiver or receiver-manager appointed under this section.

Ch. 81:01.

Disqualification  
of directors.

**146.** (1) When, on the application of the Commission, the Court is satisfied that an individual is unfit to be concerned in the management of an issuer, the Court may order that that individual shall not, without the prior leave of the Court, be a director of the issuer, or be in any way, directly or indirectly, concerned with the management of the issuer for such period—

(a) beginning—

(i) with the date of the order; or

(ii) if the individual is undergoing, or is to undergo a term of imprisonment and the Court so directs, with the date on which he completes that term of imprisonment or is otherwise released from prison; and

(b) not exceeding five years,

as may be specified in the order.

(2) In determining whether or not to make an order under subsection (1), the Court shall have regard to all the circumstances that it considers relevant, including any previous convictions of the individual in Trinidad and Tobago or elsewhere for an offence involving fraud or dishonesty or in connection with the promotion, formation or management of any body corporate.

(3) Before making an application under this section in relation to any individual, the Commission shall give that individual not less than ten days' notice of its intention to make the application.

(4) On the hearing of an application made by the Commission under this section or an application for leave under this section, the Commission and any individual concerned with the application may appear and call attention to any matters that are relevant, and may give evidence, call witnesses and be represented by an Attorney-at-law.

#### DIVISION 6 — OFFENCES

Offences.

**147.** (1) A person who—

(a) knowingly or recklessly makes a misrepresentation in contravention of this Act or any bye-law;

(b) knowingly or recklessly makes a misrepresentation to any person appointed to conduct an investigation under section 138 or to the Commission in connection with an inquiry under section 139; or

(c) knowingly or recklessly contravenes section 36, 52, 53, 64, 65 or 69,

is guilty of an indictable offence and is liable to a fine of one hundred thousand dollars and to imprisonment for two years.

(2) A person who knowingly or recklessly contravenes a provision of this Act or any bye-law that is not specified in subsection (1) or an order of the Commission, is guilty of an offence and is liable on summary conviction to a fine of fifty thousand dollars and to imprisonment for one year.

(3) A person who fails without reasonable excuse to comply with an order of the Commission or a subpoena or other request or summons under section 138(2) or (3), 139(2) or 140(4) or to permit entry under section 47(3) or 141(4) is guilty of an offence and is liable on summary conviction to a fine of twenty-five thousand dollars and to imprisonment for three months.

(4) Reasonable reliance, including reliance on advice of an Attorney-at-law, in good faith upon a statement of the law contained in—

(a) this Act or any bye-law;

(b) a judicial judgment or opinion; or

(c) an order or official release of the Commission,

is a defence in a proceeding under this section.

**148.** (1) Where a person has been convicted of an offence under section 147 then, any director, officer, or supervisor of the person who knowingly or recklessly authorised, permitted or acquiesced in the offence is also guilty of the offence and liable to the penalty specified for it.

Liability of  
directors, etc.

(2) Wherever in this Act it is provided that any act or omission of any person is unlawful or is an offence and no penalty or sanction is specified in respect of that offence, that act or

omission shall be punishable on summary conviction by a fine not exceeding one hundred thousand dollars and three months' imprisonment and when the person accused in respect of such act or omission is an issuer, the issuer shall be liable to such fine.

(3) A person convicted of an offence against this Act or any bye-law is liable, after the review and filing of a certificate under this section, for the costs of the investigation of the offence.

(4) The Commission may prepare a certificate setting out the costs of the investigation of an offence, including the time spent by its staff and any fees paid to an expert, investigator or witness.

(5) The Commission may apply to a Master or Registrar of the Supreme Court to review the certificate under the Rules of the Supreme Court, 1975 as if the certificate were a bill of costs, and the Master or Registrar shall review the cost and may vary them if he considers them unreasonable or not related to the investigation.

(6) The scales of costs in Order 62 of the Rules of the Supreme Court, 1975 do not apply to a certificate reviewed under this section.

(7) After review the certificate may be filed in the Court and may be enforced against the person convicted as if it were an order of that Court.

Prosecution of  
summary  
offences.

**149.** Notwithstanding any other written law, an officer of the Commission may, in relation to an alleged offence against this Act or any bye-law institute and conduct criminal proceedings in a Summary Court.

## PART XII

### TRANSITIONAL PROVISIONS

Transitional  
provisions.  
[39 of 2000].

**150.** (1) For the purposes of section 36(3) a person who, immediately before the 5th September, 2000 was registered as a self-regulatory organisation—

(a) for over a period of one year may, within three months from the 5th September, 2000; or

- (b) for a period of less than one year may, within three months of the completion of one year of registration,

apply to the Commission for renewal of the registration in accordance with the requirements of section 36(3).

(2) For the purposes of section 53(2A) a person who, immediately before the 5th September, 2000 was registered—

- (a) for over a period of one year may, within three months from the 5th September, 2000; or
- (b) for a period of less than one year may, within three months of the completion of one year of registration,

apply to the Commission for renewal of its registration in accordance with the requirements of section 53(2A).

(3) Where a person does not apply within the three-month period specified under subsection (1) or (2) for renewal of registration, such person shall cease to be registered under the relevant provisions of the Securities Industry Act at the expiry of the said period, but subject to the said Act, shall be entitled to apply for a fresh registration.

**SUBSIDIARY LEGISLATION**

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**TRINIDAD AND TOBAGO STOCK EXCHANGE RULES**

ARRANGEMENT OF RULES

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**Chap. 83:02**

*Securities Industry*

[Subsidiary]

*Trinidad and Tobago Stock Exchange Rules*

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**TRINIDAD AND TOBAGO STOCK EXCHANGE RULES**

*approved by the Commission under section 35*

174/1987.  
[\*150/1988  
\*\*136/1994  
226/2001].

**DEFINITIONS**

**GENERAL RULES**

In these Rules—

Definitions.

“the Act” means the Securities Industry Act;

“the Board” means the Board of Directors of the Stock Exchange;

“the Companies Act” means the Companies Act, and any amendments thereof or any modifications or replacements thereto; Ch. 81:01.

“contract note” means the instrument required to be made and issued under section 122(1) of the Act;

“dealer” means an individual employed by a member company of the Stock Exchange for the purpose of trading on the Stock Exchange on behalf of such member company and approved and authorised by the Board under rule 501;

“the Managing Director” means the Manager Director of the Stock Exchange appointed under Article 30 of the Articles of Association of the Trinidad and Tobago Stock Exchange;

“limited corporate member” or “member company” or “member” means a company duly licensed as a member of the Stock Exchange.

“listed company” means a company whose securities have been admitted for quotations on the Stock Exchange under these Rules;

“listed securities” means securities admitted for listing pursuant to the Stock Exchange’s Rules and Regulations;

“official list” means the list prepared and published by the Stock Exchange in accordance with its Rules and Regulations;

“the Seal” means the seal of the Stock Exchange;

“the secretary” means the secretary to the Board appointed under the Articles of Association of the Trinidad and Tobago Stock Exchange;

\* The reference to rule 213(4) of the Rules in rule 2(b) of LN 150/1988 was in fact a reference to rule 212(4).

\*\*The reference to rule 211 of the Rules in rule 2 of LN 136/1994 was in fact a reference to rule 210 which was identical to that rule.

“security” means any document evidencing ownership or any interest in the capital or debt, property, profits, earnings or royalties of any enterprise or proposed enterprise and without limiting the generality of the foregoing, includes any—

- (a) bond, debenture, note or other evidence of indebtedness;
- (b) share, stock, unit, unit certificate, participation certificate or certificate of share or interest;
- (c) instrument commonly known as security;
- (d) instrument or document constituting evidence of any interest or participation—
  - (i) a profit sharing agreement;
  - (ii) a trust;
  - (iii) an oil, natural gas or mining lease, claim or royalty or other mineral right; or
- (e) right to acquire or dispose of anything specified in paragraphs (a) to (d).

but does not include—

- (f) currency;
- (g) a cheque, bill of exchange or bank letter of credit;
- (h) a certificate or document constituting evidence of any interest in a deposit account with—
  - (i) a financial institution;
  - (ii) a credit union within the meaning of the Co-operative Societies Act;
  - (iii) an insurance company;
- (i) a contract of insurance issued by an issuer;

“SEC” means securities and exchange commission;

“stockbroker” or “broker” means a person licensed to practise in accordance with the Rules and Regulations of the Stock Exchange;

“Stock Exchange” or “Exchange” means the Stock Exchange established under the Securities Industry Act;

“Stock Exchange transaction” means a sale and purchase of securities in which each of the parties is a member company or a stockbroker acting in the ordinary course of business as such, or is acting through the agency of such a member company or stockbroker;

“substantial shareholding” means one-tenth or more of the issued share capital of any institution or company;

“trade or trading” includes—

- (a) any sale or purchase of a security;
- (b) any participation as a dealer, trader, broker, underwriter or agent in any transaction in a security;
- (c) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any activity referred to in paragraphs (a) to (b).

#### APPLICATION TO BE LICENSED AS A STOCKBROKER

Subject to the provisions of the rules of the Exchange, all applicants for licensing as a stockbroker—

Rule—100  
100 (1).

- (a) shall be registered with the Securities and Exchange Commission (SEC);
- (b) every application shall be in writing and be proposed and seconded by two members of the Board, and shall be accompanied by such documents and information as may be prescribed;
- (c) the Secretary may refuse to accept an application if the Exchange has within a period of twelve months immediately preceding the application refused licensing of the applicant;
- (d) it shall be stated in the application whether the applicant has professional or business connections or substantial shareholding in any banking institution, insurance company, management company of mutual funds, or trust company, and the exchange shall take such matters into account in determining whether or not to grant the application;

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- (e) a licence shall not be issued to any applicant who holds a position as a director on the Board of any listed company;
- (f) where the Exchange is satisfied that the applicant has complied with the requirements of the applicable rules and is a suitable person to be licensed, the Exchange shall licence the applicant as a stockbroker, and shall upon payment of the prescribed fee issue to him/her a licence to trade in the prescribed form;
- (g) for purposes of determining suitability, the Exchange may require an applicant to sit and pass a written or oral examination set by the Exchange;
- (h) a licence issued by the Exchange shall be valid for a period of three years. However, if after the licence has been issued, any material change takes place in the facts of information, the person who filed the application must promptly file with the Exchange an amendment disclosing the change;
- (i) subject to any notification of change by the Exchange, the annual licence fee for the time being shall be \$2,500 and such fee shall be payable on January 1, each year;
- (j) where the Exchange refuses to license an applicant, it shall notify the applicant in writing of the reasons for so doing.

REGISTER OF MEMBERSHIP AND OF STOCKBROKERS

Rule 101.

- (1) The Exchange shall—
  - (a) establish and maintain a register of membership in the prescribed form of all companies admitted as members;
  - (b) make all necessary alterations of and amendments to the particulars of a member as the occasion arises;

- (c) delete from the register the names and particulars of members whose registration has been cancelled by the SEC or whose name has been removed from the register kept under the Companies Act; Ch. 81:01.
  - (d) record in the register the suspension from practice of any member.
- (2) The Exchange shall—
- (a) establish and maintain a register of stockbrokers duly licensed;
  - (b) delete from the register of stockbrokers any person whose registration has been cancelled by the SEC;
  - (c) record in the register of stockbrokers the suspension from practice of any stockbroker.
- (3) No stockbroker shall employ in any capacity any person—
- (a) whose registration as a stockbroker has been cancelled;
  - (b) who has been suspended from trading as a stockbroker;
  - (c) whose registration has been refused by SEC.

#### ADMITTANCE TO MEMBERSHIP

- (1) Every application for membership of the Stock Exchange shall be proposed and seconded by two members of the Stock Exchange and shall be accompanied by— Rule 102.
- (a) a statement which shall contain the name and description of the applicant, the address of its registered office in Trinidad and Tobago, and the name and address and nationality of each of its directors one of whom shall be a broker;
  - (b) a certified copy of its Memorandum and Articles of Association together with a certified copy of its certificate of incorporation;

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(c) proof that the company has a minimum paid up share capital of one million dollars.

(2) Before admitting the applicant as a member, the Exchange must approve of the Memorandum and Articles of Association referred to in Rule 102 (1)(b), and must be satisfied that the applicant's principal business is dealing in securities and is active in such business.

(3) Upon being satisfied that the applicant satisfies the criteria for membership specified in the Rules, the Exchange shall, subject to the applicant being registered and approved by the Commission, admit such member upon payment of the prescribed fee.

(4) Where the Exchange refuses an application for membership, it shall at once file with the Commission a copy of the decision, the reasons thereof and any other information required by the Commission.

(5) When an application for membership has been refused, the applicant may appeal to the Commission for a review of the Exchange's decision. If upon review the Commission is of the opinion that the applicant should be admitted, the Exchange upon receiving notice of same, shall admit the applicant.

(6) No member shall alter its Memorandum and Articles of Association without the consent of the Exchange in writing.

(7) A member shall give immediate notice in writing to the Exchange of the death, retirement, bankruptcy or resignation of any of its directors and shall not go into voluntary liquidation without the prior approval of the Exchange.

**DISCIPLINARY POWERS OF EXCHANGE**

Rule 103.  
[226/2001].

(1) Where the Exchange considers that a member company, stockbroker or dealer—

(a) has been guilty of negligence in trading on the Stock Exchange;

- (b) has obtained a licence to trade by fraud, mistake or material mis-statement;
- (c) has defaulted in payment of any monies due to the Stock Exchange or to a member;
- (d) has contravened any of its rules;
- (e) is unsuitable to trade on the Stock Exchange by reason of any other circumstances whatsoever, which either are likely to lead to the improper conduct of business by him, or reflect discredit upon his method of conducting business,

it may cancel the person's licence, or it may suspend him and/or the firm from trading, or it may impose a fine and/or censure him or the firm.

(2) Where the Exchange cancels a person's licence, or suspends him or the firm from trading or imposes a fine, such person or firm shall not resume trading until his/its licence has been renewed, or the suspension has been removed, or the fine paid, as the case may be.

(3) Where the Exchange suspends a person or firm from trading, or imposes a fine under this rule, it shall forthwith notify the Commission, stating the reasons thereof and any other information required by the Commission.

(4) All proceedings under this rule, shall be conducted at a hearing in accordance with the procedures laid down by the Exchange.

(5) The Exchange may from time to time appoint a Hearing Panel to be composed of representatives of members and listed companies and/or members of the investing public.

(6) The Hearing Panel referred to in subrule (5) shall hear and receive evidence and submissions on any matter referred to it by the Exchange, for the purpose of informing the Exchange of the evidence and submissions.

(7) The Exchange shall consider the evidence and submissions before reaching its decision based thereon.

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(8) All decisions made by the Exchange may, on appeal, be subject to review by the Commission who may—

- (a) affirm or modify the sanction imposed, where it finds that the person disciplined contravened the rules of the Exchange;
- (b) set aside the sanction imposed if it does not so find; and
- (c) refer the matter to the Exchange for further proceedings.

(9) Where a person has been charged for a breach of any of the rules of the Exchange such person may be suspended from trading, but such suspension shall cease upon the dismissal of the charge, or upon the withdrawal of the proceedings.

FINANCIAL — STOCK EXCHANGE

Rule 104.  
[226/2001].

(1) The funds of the Stock Exchange shall consist of—

- (a) fees paid by issuing companies for the inclusion of their securities in the official list;
- (b) such fees, subscriptions, and charges that become payable to the Stock Exchange under its rules;
- (c) charges payable by non-members of the Stock Exchange for services rendered;
- (d) such other monies and assets that may accrue to the Stock Exchange.

(2) The Exchange shall have the power to prescribe all fees, subscriptions and charges mentioned in rule 104(1) above.

- (a) The secretary shall keep proper books of accounts of—
  - (i) all monies received and expended by the Stock Exchange and shall record the matters in respect of which such monies have been received and expended;
  - (ii) the assets and liabilities of the Stock Exchange;

- (b) where assets are held upon any special trusts, the receipts and expenditure relating to such trust shall be kept in an account separate and apart from all other receipts and expenditure;
- (c) all accounts shall be kept in the office of the Stock Exchange in Port-of-Spain for a period of six years after the last entry therein, and shall be open to inspection by members of the Board and by the auditors;
- (d) within four months after the end of each financial year, the Exchange shall prepare in respect of that year—
  - (i) an account of the revenue and expenditure of the Stock Exchange;
  - (ii) a balance sheet;
  - (iii) such other accounts as the Commission may require;
  - (iv) an Annual Report;
- (e) accounts prepared by the Exchange shall be audited by a duly appointed auditor, and shall be signed by the Chairman and not less than two other directors;
- (f) the Exchange shall send copies of the signed accounts to every member of the Board, every member of the Stock Exchange, and the auditor.

(3) (a) The Stock Exchange shall appoint an auditor who shall be a member in good standing of the Institute of Chartered Accountants of Trinidad and Tobago.

(b) The auditor appointed under 104(3)(a) above shall have the right if requested by the Exchange to examine all books, accounts, stock registers and other records required to be kept by members pursuant to the Exchange's rules.

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**MINIMUM CAPITAL REQUIREMENTS;  
BOOKS AND RECORDS**

Rule 105. (1) A Broker shall maintain at all times a minimum net worth as defined in Exchange Rule 300 12(a) of one million dollars or such other amount as the Exchange may from time to time prescribe.

(2) A member shall keep such books, accounts, stock registers and such other records—

- (a) as may be necessary to show the nature and details of all dealings and transactions entered into it;
- (b) as may be required to explain transactions and the financial status of its business at any time;
- (c) to enable a true profit and loss account and balance sheet to be prepared from time to time,

and such other books and records as the Stock Exchange may from time to time prescribe.

**DILIGENCE AS TO CUSTOMER ACCOUNTS**

Rule 106. [226/2001]. (1) Every member of the Exchange is required through its Managing Director or a person designated to—

- (a) use due diligence to learn the essential facts relative to every customer, every order, every cash or other securities transaction accepted or carried by such member and every person holding power of attorney over any account accepted or carried by such member.

(2) Supervise diligently all accounts handled.

(3) Specifically approve the opening of an account prior to or promptly after the completion of any transaction for the account with a customer. The Managing Director or other designated person approving the opening of the account shall, prior to giving his approval, be personally informed as to the essential facts relative to the customer and to the nature of the proposed account and shall indicate his approval in writing on a document which is a part of the permanent records of his office or organisation.

(4) (a) To establish the identity, and where applicable the creditworthiness of the client; and

(b) If information known to the registrant, under Part IV, of the Act, causes doubt as to whether the client is of good reputation, the reputation of the client and every registrant under Part IV is required by bye-law 31(1)(b) to make enquiries concerning each client in order to determine the general investment needs of the client and the suitability of a proposed purchase or sale for that client.

#### TRUST ACCOUNTS

(1) A member shall establish and keep in a commercial bank or banks in Trinidad and Tobago one or more trust accounts designated as such into which it shall pay—

Rule 107.  
[226/2001].

(a) all amounts less any commission and other proper charges that are received from or on account of any person, other than another broker or securities company for the purchase of securities not delivered to the broker or securities company within three working days; and

(b) all amounts, less any commission and other proper charges, that are received on account of any person other than a broker or securities company, from the sale of securities and not paid to that person or as that person directs within three working days.

(2) Save as otherwise provided under this rule monies held in trust accounts in accordance with this section shall not be available for payment of the debts or expenses of a member, or be liable to be paid or taken in execution under an order or process of any Court.

(3) A member shall not withdraw any monies from a trust account established under rule 107 except for the purpose of making payment on behalf of or to the person lawfully entitled thereto, or for any other purpose duly authorised by law.

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(4) Nothing in these Rules shall be construed as affecting in any way any lawful claim or lien which any person may have against or upon any monies held in a trust account, or against or upon any monies received for the purchase of securities, or from the sale of securities, before such monies are paid into a trust account.

**AUDIT OF MEMBER COMPANIES**

Rule 108.

(1) A member shall appoint an auditor who is a member of the Institute of Chartered Accountants of Trinidad and Tobago, and where for any reason that auditor ceases to hold office, the member shall appoint another approved auditor in his place.

(2) Within four months after the end of its financial year, a member shall prepare a balance sheet and a profit and loss account in respect of that year, and shall submit such balance sheet and accounts and all other relevant documents to the auditor.

(3) The auditor shall, if he is so satisfied, certify that the business of the member has been conducted in accordance with the rules of the Exchange, and that the balance sheet and profit and loss account are true and fair statements of the business of the member in respect of that financial year, and he shall submit a copy of the accounts so certified to the Exchange and the Commission.

(4) Where the auditor is not satisfied in relation to the matters set out in rule 118 (3), he shall qualify the accounts and notify the Exchange and the Commission accordingly.

(5) Upon receipt of the notification under rule 108(4), the Exchange shall suspend the member from trading on the Stock Exchange, and shall notify the Commission accordingly. Such suspension shall not be removed until the auditor appointed by the Exchange under rule 104(3)(a) certifies as in rule 108(3).

**INDEMNITY INSURANCE**

Rule 109.

Every member shall to the satisfaction of the Exchange effect appropriate policies of insurance for the purpose of indemnifying

itself against any liability that may be incurred as a result of any act or omission of any of its officers or employees.

#### CONDUCT OF SECURITY BUSINESS

(1) A broker shall not trade on the Stock Exchange other than in the name and on behalf of a member of which he is himself a member. Rule 110.

(2) The beneficial ownership of any security sold on the Floor of the Stock Exchange shall pass from seller to buyer with effect from the date of the transaction together with all rights and interests in such security unless such rights and interests are expressly excluded by the terms of the contract of sale in which case the nature of the exclusion and its extent shall be recorded at the time of the transaction in the contract note as provided for in rule 112.

(3) (a) Subject to rule 110(3)(b) a member may trade in securities on the stock market both as an agent and as a principal.

(b) Where a member seeks to purchase securities on the stock market as a principal, and there is a competing bid on behalf of a client for the purchase of those securities which equals the bid made by the member, such competing bid shall be preferred to that made by the member.

(c) For the purposes of this section under this rule trading as a principal includes trading on behalf of a corporation in which the member or its directors have a controlling interest.

(d) Where a member purchases securities on the Floor as a principal, it shall record such securities in a book of accounts separate from the book of accounts relating to securities held as an agent.

(e) Where a member seeks to purchase securities as a principal, it shall so declare in its bid, and where it fails so to do, the vendor may rescind the contract by giving the member a notice of the rescission in writing within seven days after the receipt of the contract note, and shall send a copy of the notice to the Exchange.

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(f) The Exchange shall have the power to vary the number of members making markets in specified listed securities.

**PROHIBITION OF FALSE MARKETS**

Rule 111.

(1) It is unlawful for any person directly or indirectly for the purpose of creating a false market in any security—

- (a) to effect any transaction in such security which involves no change in the beneficial ownership thereof; or
- (b) to enter an order or orders for the purchase of security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price, has or have been or will be entered by or for the same or different parties.

(2) For the purposes of this rule a false market is a market in which the movement in the price of a security is brought about or sought to be brought about by contrived factors such as the collaboration between buyer and seller calculated to create a movement of the price of the security not justified by the assets earnings or prospects related to that security.

**CONTRACT NOTE OR CONFIRMATION OF TRADE**

Rule 112.  
[226/2001].

(1) Any member who effects any sale or purchase of any listed security shall within twenty-four hours after the sale or purchase make and transmit a contract note of the transaction to its client.

(2) A contract note or confirmation shall—

- (a) advise of the sale or purchase of the listed security;
- (b) state the price at and the consideration for which the sale or purchase was effected and the commission charged in connection therewith and any other proper charges;

- (c) identify the member involved in the sale or purchase;
- (d) contain such further particulars as may from time to time be required by the Exchange; and
- (e) include the date and time at which the purchase or sale took place and whether the member or registered broker acted as principal or agent.

(3) No member or any other person shall have any legal claim to any commission or other fees with respect to the sale or purchase of any security when there is failure to comply under these Rules.

#### STOCK TRANSFER

(1) Notwithstanding any provision to the contrary in the Memorandum and Articles of Association of a listed company— Rule 113.

- (a) listed securities may be transferred by means of an instrument in the prescribed form, (to be called the Stock Transfer Form) executed by the transferor only and specifying the particulars of the consideration, the description and number or amount of the securities, the person by whom the transfer is made, and the full name and address of the transferee;
- (b) where listed securities represented by a single certificate are purchased by more than one person, in addition to the Stock Transfer Form, instruments in the prescribed form (to be called the Brokers Transfer Form) shall be executed in respect of each transferee identifying the transferor, the stock transferred, and specifying the securities to which each such instrument relates and the consideration paid by each transferee for those securities.

(2) Where listed securities are purchased by more than one person, the Stock Exchange is empowered to certify the Broker Transfer Forms against the Stock Transfer Form.

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**PUBLICATION OF PARTICULARS OF LISTED COMPANIES**

- Rule 114. (1) The Exchange shall publish the following information in respect of each listed company in a manner that is readily available to the public:
- (a) the full name and description of the company, its registered address and that of its registrar;
  - (b) the names and addresses of the directors of the company;
  - (c) the date of the company's incorporation or formation together with a brief history of its operations;
  - (d) the structure of the company's authorised and issued capital, together with its recent capital history;
  - (e) the company's dividend history and its latest balance sheet in summary form;
  - (f) any special conditions relating to the transfer of the company's shares.

(2) The Exchange shall be entitled to demand and receive from each company in respect of which it publishes the information referred to in (1) above such fees as it may fix for so doing.

**SUSPENSION OF TRADING**

- Rule 115. (1) The Stock Exchange may in its discretion suspend any trading in securities where it is of the opinion that it is fair and reasonable to do so having regard to the smooth and fair running of the operation of the stock market.

(2) When any action under 115(1) is deemed necessary by the Exchange, the Commission should be immediately notified and the reason for such action clearly stated.

**BLOCK TRANSACTIONS**

- Rule 116. (1) A member that receives an order or orders for the purchase or sale of a block of stock, which may not readily be

absorbed by the market, should explore in depth the market on the Floor. Unless professional judgment dictates otherwise, this should include checking with other members to ascertain; if any, of the interest a member has in participating at an indicated price.

(2) Procedures governing block transactions shall be laid down by the Exchange from time to time; unless the Commission specifies otherwise.

#### DESIGNATION OF ACCOUNTS

No member shall carry an account on its books in the name of a person other than that of the customer, except that an account may be designated by a number or symbol, provided the member has on file a written statement signed by the customer attesting the ownership of such account. Rule 117.

#### DISCRETIONARY POWER IN CUSTOMERS' ACCOUNTS

No member or employee of a member shall exercise any discretionary powers in any customer's account or accept orders for an account from a person other than the customer without first obtaining written authorisation of the customer. Rule 118.

#### RECORDS OF ORDERS

(1) Every member shall preserve for at least 5 years or such other period as the Exchange or Commission may determine, a record of— Rule 119.  
[226/2001].

- (a) every order transmitted directly or indirectly by such member to the Floor, which record shall include the name and amount of the security, the terms of the order, the time when it was so transmitted and the time and date on which the order was executed;
- (b) every order received by a member, either orally or in writing and carried by such member to the Floor, which record shall include the name and the amount of the security, the terms of the order, the time when it was so received and the time and date of execution;
- (c) the time of the entry of every cancellation of an order covered by (a) and (b) above.

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(2) Registrants registered under Part IV of the Act shall keep records of—

- (a) unexecuted orders and instructions under bye-law 22 and confirmation under bye-law 23 for a period of at least two years; and
- (b) executed orders and instructions under bye-law 22 for a period of at least five years.

**SEPARATE SUPERVISION OF ACCOUNTS AND POOLING**

Rule 120.  
[226/2001].

Every Member Company shall ensure that—

- (a) the account of each client is supervised separately and distinctly from the account of other clients;
- (b) except in the case of a mutual fund or pension fund, an order placed on behalf of one client is not pooled with that of another client.

**FULLY PAID SECURITIES HELD IN SAFE KEEPING**

Rule 121.  
[226/2001].

Every Member who holds fully paid securities for a client under a written safe keeping agreement shall—

- (a) keep them separate and apart from all other securities; and
- (b) identify them in his stock record and statement of accounts as being held in safe keeping for a client.

**DEALINGS AND SETTLEMENT**

Rule 200.  
General bargain  
rules.

(1) Every bargain on the Stock Exchange whether for the account of the member effecting it or for the account of a principal must be fulfilled according to the Rules, Regulations and Usages of the Stock Exchange.

(2) Bargains on the Stock Exchange shall be regarded as inviolable and any bargain either between clients and members, or between members, and the contracts leading to such bargains may be annulled only by the Exchange who shall only entertain applications for misrepresentation, or on *prima facie* evidence of such material mistake in the bargain as in their judgment renders the case one which is fitting for their adjudication.

(3) A member may not accept instructions or adopt any procedure which would in any way or any purpose override his duty to execute such a transaction to the best advantage of his client according to his judgment at the time of dealing.

(4) No member company shall have the power to revoke a completed purchase or sale bargain.

(5) A member company's client shall adhere to the terms and conditions of any order to buy or sell securities howsoever given.

(1) Dealings are generally permitted in the following securities: Rule 201. Permitted dealings.

(a) securities which the Stock Exchange has admitted to the Official List, excluding those with restricted listing, and which are not the subject of Stock Exchange Notice suspending or cancelling the listing or suspending dealings;

(b) securities which have been granted a primary listing on an Overseas Stock Exchange.

(2) Bargains may be made with special permission of the Stock Exchange in securities of public companies or corporate bodies and of private companies not falling within the categories stated in rule 201(1).

(3) In case of exceptional circumstances application for permission to dispense with the forms provided by the Quotations Department or the Market Floor may be made to the Stock Exchange.

(4) Prices of transactions effected under subrule (2) shall be marked in a special section of the Official List, headed Unlisted Securities.

(5) Except as provided in subrules (1), (2) and (3) dealings are not permitted in any securities until the date from which admission to listing becomes effective.

(1) All bargains shall be dealt for settlement on the fifth business day following the market transaction unless they are subject to a special bargain. Failure to effect settlement within the stipulated period shall not invalidate the bargain. Rule 202. Permitted bargains and bargain conditions.

(2) Bargains may be dealt subject to the following conditions, which shall be declared in the bid or offer and marked accordingly on the board and in the list, and in the market contract note, that is:

- (a) bargains may by agreement be dealt for cash settlement in which case they shall be settled on the business day following the market transaction;
- (b) bargains shall be dealt ex-dividend, ex-rights, ex-capitalisation, or ex any other distribution as required by the Managing Director in accordance with rule 203;
- (c) notwithstanding the foregoing, bargains may, by agreement, be dealt for settlement in advance of the dates prescribed by this rule, provided that such date is entered in the market sales contract;
- (d) bargains for Delayed Delivery may be permitted by the Market Official, subject to the settlement date being not more than thirty days later than that of a dealing and the condition D being stated in the bid or offer and marked on the dealing board, and entered into the market contract;
- (e) Renounceable Allotment Letters shall be dealt for settlement on the business day following the market transaction.

Rule 203.  
Ex-Condition  
dealing.

(1) Securities included in the Official List shall be made ex-dividend seven business days before the last day on which transfers will be accepted for registration cum-dividend. If the Stock Exchange does not receive information in time to enable a security to be made ex-dividend on that date security will be made ex-dividend the first dealing day after receipt of such information.

(2) Registered debentures or bonds shall trade in accordance with the Rules and Regulations of the Stock Exchange.

(3) On receipt of official information cancelling the declaration of a dividend any notice posted making the security ex-dividend under this rule shall automatically be cancelled and be deemed to have been void and of no effect. In the event of such information

the Stock Exchange shall immediately publish a notice in the Official List. Bargains made ex-dividend shall not be adjusted, but any deduction from the purchase price of securities in respect of a dividend that has been cancelled shall be refunded.

(4) When a company declares a final dividend, the underlying stock will trade ex-dividend after approval is sought and obtained from stockholders at the Company's Annual General Meeting.

(5) All registered securities which are the subject of a rights or capitalisation issue or other distributions other than dividends shall be made ex business days before the last day on which transfers will be accepted by the Registrar of the Company for registration cum benefit, i.e., the books close date. In respect of late information or cancellation of the benefit, action will be taken in accordance with that provided for dividends in subrule (4) of this rule.

Rights, capitalisation and other distributions.

(6) No dealing ex-dividend, ex-rights or ex any other distribution shall be permitted other than in the period specified under this rule by the Stock Exchange.

In these Rules—

“call” means an offer or bid order made by broker or authorised dealer on the market in respect of selling or buying order;  
“dealing” or “trading” means the purchase or sale of listed or other permitted securities.

Rule 204. Definitions for dealing procedures.

Bargains will be made during the dealing sessions on the days and times as determined and published by the Board of the Stock Exchange. In the event of any changes, one month's notice will be given by the Stock Exchange. The Exchange will not be open for business on Carnival Monday or Tuesday or on any Bank or designated Public Holiday. Dealing sessions shall continue until all securities listed have been called and dealt as members may require.

Rule 205. Trading sessions. [150/1988].

(1) At each dealing session the Market Official will call each security in the sequence of the quotations board.

Rule 206. Call over procedures.

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(2) Spreads shall be 5 cents, but narrower or broader spreads may be set by the Market.

(3) The verbal conventions of bid and offer shall be as follows:

- (a) a bid shall be called as “name of member company”, PRICE, BID FOR, number of shares;
- (b) an offer shall be called as “name of member company”, PRICE, OFFER, number of shares;
- (c) any special bargain condition attached to the bid or offer shall be clearly called after the price, but any condition posted on the quotations board for that dealing day shall be implied and need not be called;
- (d) in the event that a bid/offer is on behalf of a foreign individual or corporation the word “FOREIGN” shall be called before the word “BID/OFFER” and it shall be the responsibility of the broker to confirm that the bid/offer is admissible under the Foreign Investment Act;
- (e) in the event that a bid or offer is on behalf of a broker’s market nominee the words “OWN ACCOUNT” shall be called after the bid or offer and client priority shall apply.

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(4) All bids and offers called during the dealing session in a security shall be entered by the Prices Clerk on the dealing board, together with the identity of the member company and indication of any special condition attached to the bargain.

(5) The price of an offer may be lowered and the price of a bid may be raised, but all bids and offers must remain unrevised on the dealing board for sufficient time to permit a responding offer or bid. Brokers revising a bid must indicate accordingly to the Market Official. Bids and offers may only be raised in their original size. Any bid or offer made shall remain marked on the dealing board in original or revised form until dealing in the security ceases.

(6) A member shall declare the size of his bid or offer, but his initial bid or offer need not comprise the full size in which he wishes to deal during the session, and after his initial bid or offer, he may call further bids and offers.

(7) If, within five seconds of the first call of a security, no member has indicated his intention to deal, there shall be deemed to be no trading in the security, and the Market Official shall call the next security.

(8) Within five minutes after the close of normal trading session, the Market Official shall recommence trading in those securities which have been requested by the market.

(1) The general sequence of priorities in matching shall be—

- (a) price;
- (b) time;
- (c) small size in the case of client calls for 500 shares or less which are within a simultaneous call apportioned under rule 208(4).

Rule 207.  
Matching in  
sequential calls.

(2) The Prices Clerk shall mark bids and offers on the dealing board at the prices and in the time sequence in which they are called. If in the view of the Market Official the time sequence is clearly determinable, bargains shall be struck immediately a matching offer or bid in whole or in part is called.

(3) If more than two calls are involved in a match—

- (a) the bids of highest price shall be matched against the offers of lowest price;
- (b) in the event that, within a match, offers or bids of equal price cannot be completely satisfied, such competing offers or bids shall be satisfied in the time sequence in which they were called, except that any client call at a price shall take priority over a call for a broker's own account. Any unsatisfied residual of a call left unmatched will retain the same priority of the original call.

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(4) The Market Official shall after each match declare the bargain(s) naming the selling and buying brokers, the price and any exceptional bargain condition, and this information shall be recorded by the Market Record Clerk.

Rule 208.  
Simultaneous  
calls.

(1) If the Market Official considers that the time sequence of calls is not clear he shall declare a "SIMULTANEOUS CALL" of two or more brokers and in this case there shall be no further calls until the bids and offers arising from the simultaneous calls are marked upon the board.

(2) The brokers declared by the Market Official to have called simultaneously shall each submit their call, only one call by each broker being permitted, on the prescribed dealing slip on which shall be written the abbreviated title of the member company, the security, the price, whether offered or bid and the quantity of securities bid for or offered, together with any bargain condition. Incomplete dealing slips may at the discretion of the Market Official be rejected.

(3) A simultaneous call shall be identified on the board by the bracketing of its component calls and conjoint time priority shall be assigned to each of the calls comprising it, in accordance with rule 207.

(4) In the event that a simultaneous call, in course of the normal matching priorities of rule 207 can only be partially satisfied, within that call first priority shall be given to the full satisfaction of client calls for 500 shares or less, if possible. Any residual shall be apportioned between the remaining calls *pro rata* to size of those calls.

Rule 209.  
Close of  
dealing.

(1) Matches secured shall be recorded by the Floor Clerk and the relevant offers and bids erased from or adjusted on the dealing board. The Market Official shall close dealing in a security after any lapse of ten seconds without further bid or offer.

(2) After close of dealing in a security the Market Official shall set the closing quotation using the following guidelines:

(a) *No Bid or Offer Outstanding without Trading*

The closing quotation would remain as that of the previous trading session;

(b) *No Bid or Offer Outstanding with Trading*

The closing quotation would be set at the price of the last transaction provided that such a bargain was struck between two different brokers on the floor of the Exchange;

(c) *Bid and/or Offer Outstanding without Trading*

The closing quotation would remain as that of the previous session, unless there is either an outstanding offer at the price lower than, or an outstanding bid at a price higher than the previous closing quotation; in which case, the closing quotation would be set at the price of that bid or offer;

(d) *Bid and/or Offer Outstanding with Trading*

The closing quotation would be set at the price of the last transaction, unless there is either an outstanding offer at a price lower than or an outstanding bid at a price higher than that of the last transaction, in which case the closing quotation would be set at the price of that bid or offer.

(1) When a broker receives an order to buy and at the same time receives an order to sell (or vice versa) the same security, and these orders originate either from one client or from clients who are associated with each other these orders may be construed to be matching orders and may be put-through the market, i.e., the broker may execute the buy/sell orders simultaneously on the Trading Floor, with the consent of the Stock Exchange, and the market shall not have the right to take any portion of the brokers's business.

Rule 210.  
Bargains put-  
through the  
market.  
[136/1994].

(2) For the purpose of this Rule “clients who are associated with each other” applies to—

- (a) members of the immediate family of any person, i.e., the spouse, parent, grandparent, brother, sister, children, including stepchildren and the spouses of those persons;
- (b) subsidiaries of the same holding company;
- (c) parties involved in share transactions where there is no change in beneficial ownership.

(3) (i) When a broker receives an order that does not satisfy the associated client conditions as defined in subrule (2) of this rule and in his judgment the order be deemed a special case, the broker will make an application to the Board of Directors of the Stock Exchange for its consideration. If he obtains the agreement of the Board that the order is deemed a special case, the broker may then arrange to have the transaction put-through the market.

(ii) When the Board receives a request from a broker on behalf of the Government to effectuate a transaction for the purposes of divestment or restructuring, the Board will allow the transaction to be put-through the market.

(4) The following procedures shall apply to brokers when making an application for a put-through:

- (a) all put-through orders must be submitted to the Stock Exchange (addressed to the General Manager) for study and deliberation, not later than 12:00 noon on any regular business day;
- (b) all put-through orders submitted to the Stock Exchange must be initialled and placed by a registered Stockbroker or an authorised dealer of the company and no one else;
- (c) all put-through orders submitted to the Stock Exchange must be typewritten and duly signed by the registered stockbroker or authorised dealer of the member company. Moreover; each order must bear the official stamp of the member company;

(d) the General Manager shall make representation to the Board on the member company's behalf giving full details of the put-through request.

(5) The General Manager shall give all the member companies at least twenty-four hours prior notice of the put-through on the market.

(6) The business shall be put-through the market, and the bid and offer shall be marked accordingly on the dealing board, subject to any conditions that may be laid down by the Board.

(7) The put-through transaction and the transactions associated with it will be marked, as such on the market contract note, and recorded accordingly on the quotations board and in the Official List.

(1) No persons other than members, authorised dealers, and Stock Exchange officials shall be permitted entry to the trading floor of the Stock Exchange during trading sessions, provided that trainee authorised dealers may be permitted access for appropriate limited period subject to application by the member company to the Stock Exchange, and the Stock Exchange's approval of such application.

Rule 211.  
Market floor  
discipline.

(2) Smoking and the taking of refreshment shall be prohibited on the trading floor of the Stock Exchange.

(1) The dealing period shall be defined as the number of sequential business days in respect of which all bargains in such types of security as the Board shall specify, shall, in the absence of special bargain conditions related to settlement date, be settled, simultaneously on a defined day.

Rule 212.  
Dealing and  
account periods.  
[150/1988].

(2) The dealing period shall be one day.

(3) The settlement period shall be defined as the period from the first business day after the end of the dealing period until the account day for the normal settlement of bargains transacted in that dealing period.

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(4) The settlement period shall be five business days. In the event of either the dealing or settlement period being altered, the Exchange shall give to member companies three months' notice of their intention.

(5) Bargains in all securities shall be dealt for settlement on the account day following the end of the dealing period in which the bargain was dealt, provided that bargains may be dealt under the special conditions permitted by rule 201.

(6) The Exchange may, should exceptional circumstances so require, postpone an account day, either in respect of all bargains made in a specified dealing period, or in respect of bargains in a specified security or securities.

Rule 213.  
Good delivery.

(1) Valid certificates and transfers, or an officially certified transfer, duly executed by the transferor, together with such other documents as may be lawfully required by the Registrar of the Company concerned to enable lawful registration of the transfer of the shares concerned to be effected, notwithstanding that the transferee's name may not be acceptable to the Registrar, shall constitute good delivery between member companies.

(2) Delivery of securities shall represent the exact quantity sold but part deliveries may, at the option of the seller, be made provided that such deliveries are in marketable quantity.

(3) The seller of securities is responsible for the genuineness and regularity of all documents delivered.

Rule 214.  
Validity of  
transfers.

(1) Without affecting the generality of rule 213 above a transfer shall be considered to support good delivery if it is signed by the transferor, and there is entered upon it—

- (a) the name of the company;
- (b) the quantity, class and denomination of the securities;
- (c) the selling broker's identification (stamp);
- (d) a statutory declaration of no revocation if the transfer is signed under power of attorney in the event that rule 215 applies.

(2) A Stock Transfer Form shall not be considered to be good delivery when—

- (a) one of the entries required by subrule (1) above is not made;
- (b) the transferor's name or signature has been cancelled;
- (c) an amended consideration is shown and such amendment has not been initialled by the transferor;
- (d) erasures of material information have been made;
- (e) the transfer form has been altered in some material manner;
- (f) the transfer has not been executed in accordance with the requirements as regards to nationality of transferee.

(3) The evidence of the national status of any person who wishes to be registered a holder of shares or debentures may be provided by a declaration under the hand of a supporting declaration under the hand of such transferee.

(1) Any transfer of securities exercised under a power of attorney or administrator of an estate shall bear an endorsement to the effect that the power of attorney, probate, or letters of administration have been exhibited to the company, Government, or other authority to whose securities the transfer relates.

Rule 215.  
Power of  
attorney.

(2) Any transfer of securities executed under a power of attorney shall be accompanied by a statutory declaration of the non-revocation of such power of attorney at the time of signing of the transfer, or shall bear an endorsement by the company, Government or other authority to whose securities the transfer relates, that the declaration or statement has been lodged with such company, Government or other authority.

In cases where any security is, by or pursuant to the law of any country, placed under a disability not applicable to all

Rule 216.  
Securities under  
disability.

other securities of the same issue, the buyer may submit the case to the Exchange which may, if in its opinion circumstances warrant such action, require the security in question to be returned and substituted.

Rule 217.  
Certification of  
Transfer Forms.

(1) In the case of the sale of a certificate as provided for in rule 113(1)(b) of the Act the selling broker may lodge the certificate, the Stock Transfer Forms and the Broker Transfer Forms with the Stock Exchange for certification. The duty of the Stock Exchange shall be—

- (a) to scrutinise the documents to verify good delivery; to certify to that effect on the Broker Transfer Forms;
- (b) to make the certified Broker Transfer Forms available to the selling member company;
- (c) to despatch the certificate and the Stock Transfer Form and where applicable Broker Transfer Forms to the Registrar.

(2) The Board shall not be in any way liable for anything done in the proper performance of this duty or for any loss occasioned by the certification by the Stock Exchange of any transfer under these or any other circumstances.

(3) The buying broker may refuse to pay for a transfer unaccompanied by the certificate unless it be officially certified thereon that the certificate is at the office of the Stock Exchange.

(4) The use of Broker Transfer Forms shall be limited solely to the Market, and they shall be passed only between the selling and buying brokers and the Stock Exchange prior to their ultimate lodgement with the Registrar. Any broker permitting a Broker Transfer Form to pass into the hands of a client or any third party other than the Stock Exchange will be subject to disciplinary action, which may include withdrawal of the certification service from this company.

When an official certificate of registration has been issued the Stock Exchange will not, unless bad faith is alleged against the seller, take cognisance of any subsequent dispute as to title until the legal issue has been decided.

Rule 218.  
Dispute as  
to title.

#### BUYING-IN AND SELLING-OUT

(1) Where a member company having sold securities (hereafter in this rule referred to as the “seller”) fails to deliver such securities to the member company which has purchased the securities (hereafter in this rule referred to as “buyer”) the buyer shall issue before midday on any business day to the seller a demand note requiring that the securities should be delivered by 12.30 p.m. on the fifth business day following receipt of the note provided that if the member company issuing the demand note is doing so in consequence of having itself received a demand note for the same securities, it may issue and deliver its own demand note not later than 12.00 noon on the following business day, and shall itself not be liable to deliver such securities to the original issuer until 12.30 p.m., on the sixth business day following receipt of the original demand note. No demand note may be delivered after 12.00 noon, on any business day, and no demand note shall be delivered on non-business days.

Rule 219.  
Buying-in.

(2) The seller receiving a demand note shall issue an acknowledgment of receipt thereof, specifying the time and date of receipt.

(3) Failing delivery by the seller by the time specified in the demand note, the buyer shall, before 4.00 p.m. on the specified date, or on any subsequent business day, give a buying-in notice to the Stock Exchange to buy the securities at the seller’s risk. At the same time the buyer shall deliver to the seller at his place of business a copy of such buying-in notice and shall obtain a receipt thereof.

(4) Notice to buy-in shall be in the form prescribed by the Stock Exchange from time to time.

(5) Any notice to buy-in may be withdrawn by the buyer in writing to the Stock Exchange, provided that such withdrawal shall be before the buying-in order has been completed, and that no bargains transacted in course of the buying-in shall be reversed.

(6) Before each dealing session the Stock Exchange shall post on the board a list of instructions received to buy-in, naming the stock, the number to be bought, the buyer, the seller at risk, and the price at which it is proposed to bid for immediate delivery.

(7) The price bid shall be two spreads above the highest buying price at the close of business of the previous trading day or the highest unmatched bid, whichever is the higher.

(8) Buying-in shall take place before normal trading in the security, sellers may offer for immediate delivery either whole or part provided where part only is being offered such securities shall be in marketable lots. The first offer at the price bid shall be received.

(9) If the securities are not obtained on the first day, the price bid shall be raised on the second and each succeeding trading day by two spreads notwithstanding the open Market may have shown no appreciation. Where, however, the open Market is a firming one this subparagraph shall be construed as meaning that the price bid is always at least two spreads above the higher of the last recorded sales price or bid price at the opening of trading each day, until the securities are bought or delivered to the Stock Exchange, or the notice to buy-in has been withdrawn according to this procedure.

(10) The Stock Exchange may suspend the daily increase in the offer price should it be deemed advisable or revise the offer so that the price offered shall not be more than 15 per cent above—

(a) the last recorded sale; or

(b) the bid price of the previous day whichever is the greater.

(11) The member company selling under the buying-in, unless it is the buyer, shall deliver the securities to the Stock Exchange

before 12.00 noon on the following business day, and the seller for whom they were bought shall pay for them on delivery.

(12) An agreement may be made not to buy-in at the time of dealing at the request of a broker making a market in the security for which a bargain was made if and to the extent that he anticipates difficulty in obtaining the stock which is the subject of the bargain. The broker must at all times be prepared to justify his actions to the Stock Exchange if called upon to do so. The market contract note for such bargains shall be inscribed N.B.I. (No Buying-in). The client contract note must state that the bargain has been done for No Buying-in.

(13) Where a buyer fails to accept and pay for securities when delivered, the member company selling may before 4.00 p.m. on the due date, or any subsequent business day, give a selling-out notice in writing to the Stock Exchange to sell the securities at the buyer's risk. At the same time the seller shall send to the buyer at his place of business a copy of such selling-out notice and shall obtain a receipt thereof. Selling-out.

(14) Any notice to sell-out may be withdrawn by the seller in writing to the Stock Exchange, provided that such withdrawal shall be before the selling-out order has been completed, and that no bargains transacted in course of such selling-out shall be reversed.

(15) Before each dealing session the Stock Exchange shall post on the board a list of instructions received to sell-out, naming the stock, the buyer at risk, and the price at Exchange shall be two spreads below the selling price or lowest unmatched selling offer at the close of business of the previous trading day, which ever is the lower.

(16) Selling-out shall take place before normal trading in the security and buyers may bid either in whole or in part, provided where part only is being bid for, such securities shall be in marketable lots. The first bid at the price offered shall be received.

(17) If the securities are not sold on the first day, the offer price shall be lowered on the second and each succeeding trading day by two spreads notwithstanding the open Market may have shown no weakness. Where however the open Market is a falling

one, this subparagraph shall be construed as meaning that the offered price is at least two spreads below the lower of the last recorded sale price or selling offer at the opening of trading each day until the securities are sold, or are accepted and paid for by the buyer, or the notice to sell-out has been withdrawn according to this procedure.

(18) The Stock Exchange may suspend the daily decrease in the offer should it be deemed advisable, or revise the offer so that the offer price shall not be more than 15 per cent below—

- (a) the last recorded sale;
- (b) the offered market price of the previous day whichever is the lower.

(19) The member company for whom the securities are sold-out shall deliver the securities to the Stock Exchange before 12.00 noon on the following business day, and the buyer shall pay for them on delivery.

Settlement of  
difference.

(20) Any difference arising from buying-in or selling-out under this procedure shall be settled between the member companies involved by the Stock Exchange, which shall charge such difference to the member company at risk, plus commission at the full rate applicable. Such commissions shall be credited to the funds of the Stock Exchange.

(21) All resulting differences shall be settled by the member companies involved at the normal time for settlement on the business day following the transactions related to the buying-in or selling-out under this rule.

(22) Nothing in this rule relieves a member company from its obligation to the member company issuing a buying-in or selling-out notice against it.

(23) The Stock Exchange may at its absolute discretion suspend either indefinitely or for such time as it thinks fit the buying-in or selling-out of any securities.

(1) The Official List shall contain a record in such form as the Stock Exchange shall determine of the bargains in each security transacted by members, and of the nominal market quotations agreed in the most recent dealing session, together with such other market intelligence as the Stock Exchange deems fit. The Stock Exchange may make such provision for the recording of bargains in inactive listed securities without prejudice to the validity of the listing of such securities.

Rule 220.  
Stock Exchange  
Official List.

(2) No list or record of market prices or dealings shall be published unless such prices or dealings are those published in the Stock Exchange Official List and unless the source of the information is stated as such, and the date of the original publication of the prices is stated.

(1) Bargains shall be deemed to be marked when the copy of the market contract note is placed in the box in the Market in accordance with rule 309.

Rule 221.  
Marking of  
bargains.

(2) The Stock Exchange will subsequently publish in the Official List the price shown on the contract note provided that only one mark in any security will be entered in the Official List at any one price.

(3) Dealings in any security in which permission to deal has been given under rule 201 shall be recorded in a special section of the Official List which shall clearly indicate that such securities have not been admitted to listing.

(4) Where a bargain has been done under a special condition as permitted in rule 202. The Stock Exchange may, if it seems desirable to do so, indicate the condition by a special symbol in the Official List. Member companies' bargains for their own position shall always be identified on the Official List, and the price will carry the suffix "(B)".

(5) Any complaints as to the prices in the Official List shall be lodged with the Stock Exchange, the nominal quotations shall be agreed by the Market at the end of trading in each security.

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Rule 222.  
Foreign  
shareholding  
quotations.

(1) The Exchange shall set up rules to receive once every quarter from each listed company of the proportion of shares of each class held by foreigners.

(2) The foreign proportion referred to in (1) above shall be marked on the board of the Stock Exchange, and shall be adjusted according to transactions effected on behalf of foreigners.

OPERATIONS OF MEMBER COMPANIES

Rule 300.  
Transaction  
records.

(1) Each member company shall maintain records expressed in Trinidad and Tobago dollars, foreign currencies to be stated in Trinidad and Tobago dollars at the exchange rate at the date of the transactions undertaken by the member company, of all transactions including particulars of—

- (a) all monies paid or received by the member company;
- (b) all purchases and sales of securities by the member company and the charges and credits arising therefrom including an analysis of all payments and claims made and received in relation to dividends and rights in respect of such transactions;
- (c) all transactions by the member company with or for the account of—
  - (i) each client excluding directors of the member company;
  - (ii) each director of the member company;
  - (iii) each member company of the Stock Exchange (including bargains to be settled through the Settlement Office);
  - (iv) each employee or agent;
  - (v) each member company of any overseas Stock Exchange;
- (d) all income and all expenses;
- (e) all assets and liabilities including contingent liabilities;

- (f) all securities which are the property of the member company, showing by whom they are held and whether, if held otherwise than by the member company itself, they are so held as collateral against loans or advances;
- (g) all securities which are not the property of the member company but for which the member company or any subsidiary company established under the rules and procedures of the Stock Exchange and controlled by it is accountable, showing by whom and for whom they are held and distinguishing between:
  - (i) those which are held for safe custody which must either—
    - A. be registered in the name of the client or other beneficial owner;
    - B. be registered in the name of the member company's subsidiary company;
    - C. be deposited in a specially designated safe custody account with any branch of an authorised bank, in such a way that the bank has no lien over or right of retention or sale of any of the securities;
  - (ii) those which are deposited with or otherwise pledged or charged to any third party as collateral available against loans or advances (present or prospective) to the member company or any company owned or controlled by the member company in which case such deposit pledged or charged must be authorised by the client or other beneficial owner concerned. Such authority must be in writing and must specify the period to which it relates;
- (h) all purchases and sales of foreign currencies;
- (i) a register of each account of directors' spouses,

infant children and dealing companies under the control or beneficial ownership of the directors and their spouses. The member company shall submit with the copy of the documents required under subrule (16)(a)(i) a letter signed by the Chairman and Secretary stating that the register is up to date, and as far as they are aware complete. Except that, for the purpose of this paragraph, records shall not be deemed to be maintained in sufficient detail if there are no maintained up to date records to enable the directors—

- (i) to verify at any time that they are in compliance with the requirements of subrule (12) and to draw up, within a reasonable time, accounts which comply with subrule (2);
- (ii) to analyse at any time the member company's assets, liabilities, income and expenditure to comply with subrules (7), (8), (9) and (10).

Accounts to be prepared.

(2) Every member company shall cause to be prepared, accounts, subject to the requirement of subrule (4) which shall include—

- (a) a balance sheet showing in accordance with provisions of this rule assets and liabilities of the member company and the directors' financial interest therein. The assets and liabilities shall be brought to account in the said balance sheet at amounts and shall be classified and described therein in such manner that the balance sheet gives a true and fair view of the affairs of the member company at the balance sheet date;
- (b) a profit and loss account complying with the provisions of this rule and so framed as to give a true and fair view of the profit or loss of the member company for the period from the date on which the member company began to trade or as the case may be from the date of the previous

balance sheet to the date at which the balance sheet is drawn up under subrule (2)(a);

(c) a capital computation in the form prescribed in Appendix VI.

(3) The disclosure of details required by subrules (4) to (10) may be made in note to the accounts that such accounts—

(a) shall be signed by two directors on the face or reverse of the balance sheet as approved by the Board of Directors and shall be deemed to comply with this rule notwithstanding the transactions in securities since the close of dealing of the last settlement account are not included therein; and

(b) shall show by way of note—

(i) the general nature of contingent liabilities and where practicable the aggregate amount, or estimated amount of any capital commitments;

(ii) the accounting policies followed for dealing with items which are judged material or critical in determining the profit or loss for the period and in stating the member company's financial position;

(iii) full particulars of any transactions which have been closed at the end of settlement account prior to the date of the balance sheet and opened immediately following settlement account.

(4) Each such balance sheet shall be prepared not more than three (3) months after the end of the financial year of the particular broking company or, as the case may be, the date on which the member company began to trade, whichever is the earlier. Balance sheet date.

(5) A member company desirous of changing its balance sheet date should notify the Stock Exchange of its intention to do so not later than ten (10) days following the passage of the relevant

company's Board decision. Any such change of date shall not be permissible within a period of less than three (3) months prior to the then existing balance sheet date.

(6) Every new member company shall within one (1) month of the commencement of business notify the Stock Exchange of this practice regarding the date at which its balance sheet will be prepared in each year.

(7) Member companies shall disclose in their balance sheets the following which shall not be regarded as approved assets or ranking liabilities as defined in subrules (8) and (9) respectively:

- (a) the paid up capital of the member company;
- (b) capital and revenue reserves;
- (c) subordinated loans by each director;
- (d) total credit and total debit due to or from directors in respect of transactions in securities;
- (e) credit or debit balances on other accounts of each director;
- (f) amounts due to the member company, which relate to transactions in securities for the account of directors;
- (g) the aggregate amount of assets consisting of shares or interests in and amounts owing by subsidiary companies or organisations established under Stock Exchange Rules and Procedures by the member company or any of its directors distinguishing shares and interest from indebtedness;
- (h) amounts appropriately categorised of any other assets not qualifying under subrule (8);
- (i) such liabilities as have been agreed with the Stock Exchange.

Approved assets.

(8) Without prejudice to the general requirements of subrule (2), each balance sheet and/or statement of financial condition shall

show under separate headings the following classes of assets, which shall be approved assets:

- (a) money receivable in the ordinary course of Stock Exchange business excluding all amounts in respect of directors transactions, and consisting only of amounts due from—
  - (i) clients and/or employees who have not in any way entered null and void their original contract with the broker which had at the balance sheet date been outstanding for not more than ninety (90) days, or settle against delivery of stock to the extent that such stock has not been delivered;
  - (ii) employees who are due to settle on account day which had at the balance sheet date been outstanding for not more than ninety (90) days or settle against delivery of stock to the extent that such stock has not been delivered;
  - (iii) member companies, distinguishing between—
    - A. balances which had at the balance sheet date been outstanding for ninety (90) days or less;
    - B. balances in respect of open stock positions which had at the balance sheet date been outstanding for more than ninety (90) days; and
    - C. other balances which had at the balance sheet date been outstanding for more than ninety (90) days;
  - (iv) the Stock Exchange Settlement Office;
  - (v) member firms of overseas Stock Exchanges;
  - (vi) foreign exchange dealers;
- (b) Certificates of Deposit issued by recognised banks which are redeemable within one year of

- the balance sheet date, Trinidad and Tobago Saving Bonds, Certificates of Tax Deposit, National Development Bonds and Treasury Bills;
- (c) money on deposit with a Local Authority, or a Non-bank Financial Institution recognised by the Central Bank or Building Society which is encashable within one year of the balance sheet date;
- (d) balances on current or deposit account which are encashable within one year of the balance sheet date with branches of those banks specified authorised banks for Exchange Control purposes by the Central Bank of Trinidad and Tobago; balances in foreign currencies must be shown separately from Trinidad and Tobago balances and shall distinguish—
- (i) balances which are freely remittable to Trinidad and Tobago through a recognised banking system;
  - (ii) balances which may only be used in settlement of security transactions in the country in which the balances are held;
- (e) Trinidad and Tobago government securities and corporation stocks which may be listed in the Stock Exchange Official List. The aggregate market value of such securities must be stated;
- (f) securities listed on the Stock Exchange other than those referred to in (e) above, excluding any in which dealings have been suspended for more than three (3) weeks. The aggregate market value of such securities must be stated;
- (g) only 90 per cent of the aggregate market value of the securities included under the preceding paragraph (f) should be permitted for inclusion within the approved assets;

- (h) such other assets of the member company as may be agreed with the Board of the Stock Exchange, such agreement not to be unreasonably withheld.

(9) Without prejudice to the general requirements of subrule (2) each balance sheet and/or statement of financial condition shall show under separate headings the following liabilities, which shall be ranking *liabilities*, which shall be used in determining the minimum net capital requirement of the member company in their Liquidity Return:

- (a) amounts due to—
- (i) clients;
  - (ii) employees;
  - (iii) member companies;
  - (iv) the Stock Exchange Settlement Office;
  - (v) member companies of overseas Stock Exchanges;
  - (vi) banks specifying the nature and market value of any security given and the fact, where applicable, that the security given is not the property of the member company, together with particulars by way of note, of any charge guarantee or indemnity given;
  - (vii) foreign exchange dealers;
- (b) any other liabilities which are secured, either by the deposit of securities or otherwise, specifying the nature and market value of the security at the date of the balance sheet and the fact where applicable that the security given is not the property of the member company, together with particulars by way of note, of any charge guarantee or indemnity given;
- (c) aggregate amount due to any subsidiary company established under the rules of the Stock Exchange;
- (d) the total amount of the companies tax (or a fair estimate thereof) payable or expected to be payable on the whole of the profits up to the balance sheet date;

- (e) the amount, if any, by which the sum at which securities ranking as approved assets under subrule (8) are brought into account exceeds their aggregate market value;
- (f) the amount of any loss which the member company could incur at the balance sheet date in respect of transactions to be settled in overseas currencies, where the member company has not covered the relevant amount by a forward purchase or sale of currency, and the amount of any loss were there to be substituted for the rates of exchange employed in the accounts the rate ruling in Trinidad and Tobago at the date of the balance sheet;
- (g) the amount of any accumulated losses, so far as they concern the member company or any of its directors, of any subsidiary company or organisation established under the Rules of the Stock Exchange which are not covered by the investment in the organisation or company respectively;
- (h) the amount of any foreseeable losses from bad or doubtful debts or from any other causes;
- (i) all other liabilities of the company apart from those specified in subrule (9) separately designated where material.

Profit and loss account.

(10) Without prejudice to the general requirement of subrule (2)(b), the profit and loss account shall show under separate headings—

- (a) gross commission earned;
- (b) commissions share and paid away;
- (c) interest receivable;
- (d) interest payable on:
  - (i) bank loans and balances;
  - (ii) all other loans;
- (e) the charge in respect of bad or doubtful debts;
- (f) other provisions;

- (g) audit fees (including expenses);
- (h) other material items of income and expenditure in reasonable detail;
- (i) the net profit before tax.

(11) If any times of the nature described in subrule 10(e) and (f) above have been dealt with other than through the profit and loss account, the particulars and amount involved shall be stated by way of note.

(12) (a) Definitions—For the purpose of this subrule:

Liquidity return.

“net worth” means total stockholder’s equity increased by liabilities subordinated to claims of general creditors (subordinated loans);

“net capital” means the net worth of a member company reduced by all non-approved assets and other charges;

“excess net capital” means net capital reduced by the minimum capital required to be maintained as determined by subrule (12)(b).

“non-approved assets” means those assets which cannot be readily converted into cash, and or because of their nature are not approved assets as defined in subrule (8);

“ranking liabilities” have the same meaning as defined in subrule (9).

(b) No member company shall permit—

- (i) its ranking liabilities to all other persons to exceed 1,000 per cent of its net capital except as otherwise limited by the provisions of subparagraph (ii) of this paragraph;
- (ii) its ranking liabilities to all other persons to exceed 400 per cent of its net capital for twelve (12) months after commencing business as a member company, except as otherwise provided for in subparagraph (i) of this paragraph;

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Rule 300  
(12)(b)(iii).

- (iii) Its minimum capital requirement to be—
- A. \$50,000 for each registered stockbroker of the \$25,000 for each authorised dealer in the member company, or
  - B. an amount which is equivalent to 10 per cent of its ranking liabilities, whichever is greater.

(c) The minimum capital requirement required in accordance with subrule (12)(b)(iii) above shall be maintained not only in the member company itself but also after consolidation of all subsidiary companies and organisations established under the Rules of the Stock Exchange for whose debts and obligations the member company or any of its directors is liable.

Audit of  
accounts.

(13) (a) The accounts of the company which have been prepared in accordance with subrule (2) shall be examined by an auditor to whom shall be made available all the books and records of the company and all such explanations and other information as he may require for the purpose of carrying out under this procedure such examinations as will enable him to meet the requirements of subrule (15).

(b) Each member company shall on at least one date to be determined by the member company in consultation with its accounts and which may coincide with the balance sheet date, circulate to those member companies and those of its clients as the auditor may select, a request, returnable direct to the auditor, for positive confirmation of all balances outstanding with each such member company and client at that date.

Qualifications.

(14) (a) For the purpose of this procedure “auditor” means a person/firm who is—

- (i) in public practice;
- (ii) independent of the member company; and
- (iii) a member in good standing of the Institute of Chartered Accountants of Trinidad and Tobago.

(b) If the auditor of a member company fails to adhere to generally accepted accounting principles and practices, financial statement disclosure, auditing scope or procedure, or comply with applicable Rules and Regulations of the Exchange, the Stock Exchange may request the member company to replace its auditors. Should the member company refuse or fail to comply with the request, the Exchange may prohibit the member company from continuing to do business.

(15) (a) The auditor shall provide the member company with one signed copy of the auditor's report addressed to the Stock Exchange. The said report shall be in conformity with such Rules, Regulations and Procedures of the Stock Exchange as may be in effect from time to time. Auditor's report.

(b) The auditor shall also provide the member company with a signed copy of a report addressed to the Stock Exchange stating whether, in his opinion, from the information contained in the member company's books and accounts, and subject to such reservations as he considers appropriate, at the date of the balance sheet, was in compliance with the Rules of the Exchange.

(16) (a) The member company shall submit to the exchange accountant selected under subrule (17) with a copy to the Stock Exchange within four months after the balance sheet date—

- (i) one copy of its accounts prepared under subrule (2) together with a copy of the auditor's report as specified in subrule (15);
- (ii) one copy of the accounts and reports of any subsidiary companies formed under the Rules of the Stock Exchange.

(b) The member company shall in addition submit to the exchange accountant and to the Stock Exchange as soon as it is available, one copy of the accounts sent to its shareholders in accordance with the Companies Act for the time being in force and the standing Rules, Regulations and Procedures of the Stock Exchange. Ch. 81:01.

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The exchange accountants.

(17) (a) The Stock Exchange shall from time to time appoint two or more firms of professional accountants as exchange accountants and—

- (i) every member company shall submit its accounts to the exchange accountant which the Stock Exchange may select;
- (ii) the exchange accountant shall be deemed to be authorised by the member company to obtain direct from the member company's auditor reporting on the accounts any information or explanation which he may consider necessary for the purpose of carrying out his duties under paragraph (b) below;
- (iii) the exchange accountant selected shall not be either the member company's auditor or the member company's tax adviser.

(b) In any case where the information obtained under subrule (17)(a) above or any other matter arising out of his enquiries leads the exchange accountant to consider that further information should be obtained by the Stock Exchange regarding the member company's state of affairs, he shall report accordingly to the Stock Exchange. All such reports shall be deemed to have been authorised by the member company concerned.

(c) All accounts and other information obtained by the exchange accountant under this subrule shall be retained by the exchange accountant and shall be regarded as confidential to him to any body or person except as the exchange accountant may consider necessary for the purpose of any report he may make under subrule (17)(b) above.

(18) (a) Members and authorised dealers shall attend the Stock Exchange when required and shall give such information as may be in their possession relative to any matter under investigation including such accounts and information as to their member company's finances as the Stock Exchange may consider necessary. In addition, the Stock Exchange may require the periodic submission of information relating to the minimum capital required to be maintained under the provisions of subrule (12).

(b) If, as a result of information obtained under subrule (18)(a), or should a member company fail to comply with the rule as outlined in rule 301, the Stock Exchange if it so deems necessary, may suspend the member company, or any of the directors or employees thereof, from trading on the Stock Exchange in any manner whatsoever, and/or impose any other fitting sanction as it considers warranted under the circumstances.

(c) In the event of a member company being required to provide special information to the Stock Exchange as a result of its failure to maintain proper books and if it so deems necessary, may appoint an accountant under subrule (17) to assist the member company in resolving the matter and the member company may be required to reimburse the Exchange all or part of the costs which it may have incurred under the circumstances.

(1) Unless the Stock Exchange shall otherwise permit, all member companies shall prepare a liquidity return each quarter summarising the accounts required by rule 300 in the form prescribed in Appendix VI.

Rule 301.  
Liquidity  
Return.

(2) Member companies shall notify the Stock Exchange of the quarterly dates in which the returns are to be made up. One of the dates notified shall coincide with the date at which the member company's accounts are prepared.

(3) Each liquidity return shall be submitted to the exchange accountant within one calendar month of the date at which it is made up. A copy of each return shall also be submitted within one calendar month to the member company's auditors.

(4) The exchange accountant shall be deemed to be authorised by the member company to obtain direct from either the member company's auditors or the member company itself as appropriate any information or explanation which he may consider necessary to carry out a review of the member company's state of affairs as revealed by the liquidity return. The provisions or rule 300, subrule (17)(b) apply.

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(5) The Stock Exchange assumes that member companies as a matter of normal accounting control strike a trial balance of their accounts each month within two weeks of the month end. In the event that the Stock Exchange, advised by the Stock Exchange accountants, considers the circumstances of either the member company or the market to warrant it, the Stock Exchange may require any member company or companies to submit monthly capital computations.

Rule 302.  
Minimum  
commission.

(1) A member company shall charge its clients commission in respect of every bargain made on his behalf and in respect of every service for which a charge is prescribed. The commission must be charged at not less than the rates laid down in subrule (3)(a) of this rule, and no reduction thereof may be allowed except as authorised by these rules. In the event that a member company acts both for the selling and buying client, each of them shall be charged commission at the prescribed rates. Except that—

- (a) this rule shall not apply to or restrict dealings or the sharing of commission between member companies, or to the sharing of commission between a member company and its overseas organisation where not less than 75 per cent of the capital of the Overseas Organisation is beneficially owned and controlled by the member company or by its directors;
- (b) the commission in respect of bargains for put-throughs and with respect to the Unit Trust and any other such institution as the Board may from time to time determine, shall be within the terms of such transactions to be approved by the General Manager, and the commission scale in subrule (3) of this rule shall not necessarily apply;
- (c) that each member company sponsoring a new issue or acting as a broker to a new issue may charge commission at discretion in respect of the services performed in such issue;
- (d) that where a member company has prepared a valuation for probate and charged a fee it may to

the extent that it subsequently earns commission from business received from the estate, remit all or part of the fee charged.

(2) In approving the commissions described in subrule (1), the General Manager shall be guided by conventions laid down by the Board, and, in event of dispute between the General Manager and the broker handling such business, the matter shall be immediately referred to the Board.

(3) The rates of commission chargeable shall be—

Rates of  
commission.

(a) registered ordinary shares, preference shares and convertible loan stocks:

(i) 1.5 per cent on the first \$50,000 consideration;

(ii) 1.25 per cent on the next \$50,000 consideration;

(iii) 1 per cent on the excess;

(b) all other securities or evidence of indebtedness, except those described in (a) above, the Stock Exchange will set the rates when appropriate and shall cause such rates to be published from time to time, prior to the implementation of such rates.

(4) Commission in respect of dealings in overseas shares or securities which are not quoted on the Official List shall be charged at the rates applied by the recognised Stock Exchanges overseas through which such securities are transacted.

Commission  
overseas  
securities.

(1) The rates of commission on transactions effected in overseas currencies are chargeable as follows:

Rule 303.  
Transactions  
overseas  
currencies.

(a) where the transaction is to be settled by the client in Trinidad and Tobago dollars the rate of commission is to be calculated on the Trinidad and Tobago dollar equivalent of the overseas currency price at the exchange;

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- (b) where the transaction is to be settled by the client other than in Trinidad and Tobago dollars, the rate of commission is to be calculated on the Trinidad and Tobago dollar equivalent of the overseas currency price at the effective rate of exchange which is relevant.

Rule 304.  
Continuation  
bargains.

A buying or selling order which is confirmed between the member company and its principal but which is executed in the Market in a series of bargains which comprise the total order, shall be considered a "continuation" order, and the member company may charge commission based on the total value of the transactions comprising the continuation order, provided that all such transactions are completed within one calendar month.

Rule 305.  
Commission  
sharing.

A member company may only share commission with an agent whose name appears on one of the registers kept in accordance with rule 306, with an employee or with a recognised stockbroking organisation who is a member of an overseas Stock Exchange.

Rule 306.  
Registers of  
agents.

(1) A member company may share commission with agents whose names have been included in the following registers maintained by the Board provided that commission has been charged at the rates laid down in rule 302(3):

- (a) a register of banks which will be open to commercial bank, trust companies and other financial institutions as approved by the Board. The share of a commission actually retained by a member company who shares its commission with an agent included in this register shall not be less than two-thirds of the commission specified in rule 302(3), provided that where the agent provides both buyer and seller, only one-half may be retained;
- (b) a register of overseas representatives which shall be open to member companies' overseas representatives resident outside Trinidad and Tobago. A member company may remunerate any such overseas representative with a share not exceeding one-third of the commission chargeable to the principal he introduces where such commission is charged in accordance with rule 302(3).

(2) A member who shares its commission with an agent included in these registers specified in this rule shall render a contract note in the name of the agent, to the agent, stating that the commission charged is divisible with such agent. Such contract note must not be rendered “net”. (*see* rule 307)

(3) Application for inclusion in these registers specified in this rule shall be made in accordance with Appendix VII, and the Stock Exchange shall determine the qualifications necessary for entry and retention on these registers.

(4) A member company may not share its commission with an agent—

- (a) when the agent’s share is divided with or allowed to his principal or any other person;
- (b) when the commission is charged on the agent’s own personal business.

The commission charged must be shown on every contract between a member company and its client and “net contracts”, meaning contracts in which the commission or part of the commission is added to or subtracted from the buying price or the selling price respectively, are prohibited and shall not be made.

Rule 307.  
Net contracts  
prohibited.

(1) A stockbroker shall not transact with any member company, a bargain intended to be concealed from that of his own member company, and a member company shall not deal for a stockbroker of another member company without first obtaining the consent of that person’s member company. Such consent shall be in writing, and member companies shall include in their own regulations provisions which shall ensure compliance.

Rule 308.  
Restrictions on  
dealing by  
members.

(2) A stockbroker shall not withhold from or misrepresent to his own member company particulars of the client on whose behalf he deals.

(3) A stockbroker shall advise any member company to which he gives dealing instructions, including his own, if he has a beneficial interest in a bargain to be transacted by that member company.

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(4) A member company shall not carry on business for or with a person who has been expelled from the Stock Exchange, or who after ceasing to be a member from any cause becomes a bankrupt.

Rule 309.  
Market contract  
note.

Upon conclusion of a transaction, the selling member shall execute a market Contract note in form prescribed by the Stock Exchange in triplicate and sign all copies thereof, the carbon signatures on the second and third copies being considered valid. The buying member shall similarly sign the note. The top yellow copy shall be given to the buying broker, the second (blue) copy shall be placed in the box provided in the Market for retention by the Stock Exchange, and third (white) copy shall be retained by the selling broker. The purchase and sale so made shall be a valid contract fully binding on the contract parties.

Rule 310.  
Settlement  
between  
member  
companies.

All bargains dealt in the Market shall be between member companies, and a member company shall not be obliged to take a reference for payment to a non-member, nor shall it be obliged to pay a non-member for securities bought in the Stock Exchange.

Rule 311.  
Account  
delivery and  
payment.

(1) Every member company shall, for the purposes of delivery and settlement, maintain an office of facilities situated in Port-of-Spain within reasonable walking distance from the Stock Exchange.

(2) Every member company is required to rent a Central Delivery Box (C.D. Box) in the Stock Exchange Office, which may be used for circulation of stock cheques and other market documentation between itself and other member companies and Registrars.

(3) Unless otherwise agreed between the member companies concerned in respect of special bargains, the times for delivery of sold stock and payment on each account day will be as laid down in the Stock Exchange Settlement Procedures Guidelines.

(4) Cheques must be drawn on a clearing bank, or the Central Bank and be presented for payment through a commercial bank; cheques must be crossed, marked "Not Negotiable drawn to Order". Such cheques may also be marked "Account Payee Only".

(5) Any member company requiring payment by banker's draft shall give notice to the buyer to that effect as soon as possible after the dealing period and not later than 10.30 a.m. on the day previous to the day for delivery and payment.

(6) In default of payment in accordance with this rule, the unpaid seller shall forthwith immediately report the fact to the Stock Exchange, and interest on the unpaid balance shall run at 1 per cent per month until the date of payment, notwithstanding that the Stock Exchange may take action against the defaulting member company as provided for under rule 103.

(7) A buying broker who collects stock from the Stock Exchange office which he claims to be bad delivery shall, not later than 10.30 a.m. inform the selling broker's who shall have responsibility to collect the alleged bad delivery from the buying broker's office, and either return his cheque, or if it has been paid in, reimburse the buying broker within banking hours the same day.

Without prejudice to the generality of section 112(2)(d) of the Act a contract note shall have imprinted the words "Subject to the provisions of the Rules of the Trinidad and Tobago Stock Exchange" together with identification of the member company and the words "Member of the Stock Exchange."

Rule 312.  
Contract note.

(1) Where any member company purchases any listed securities on behalf of a client, the client shall pay to the member company the contract price of the listed securities in cash or by cheque against offer to deliver the listed securities unless delivery is made against the purchaser's banker's draft, delivery of securities to the purchaser may be withheld at the member company's discretion until the purchaser's cheque in payment has been finally cleared and the proceeds have been received by the member company.

Rule 313.  
Obligations in  
purchase  
bargains.

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(2) A member company referred to in subrule (1) who has not been paid the purchase price in terms of that clause shall sell out as soon as is reasonably possible after the failure to pay the purchase price, and in any event not later than thirty (30) days thereafter, those listed securities on behalf of the client.

(3) If the sum so realised by the sale referred to in subrule (2) is less than the contract price referred to in subrule (1) the member company concerned as soon as is reasonably possible, and not later than thirty (30) days thereafter shall on its own behalf sell so much of any other securities—

- (a) held by it on behalf of the client; or
- (b) to be delivered to it by the client,

as may be necessary to realise the difference between that sum and the purchase price.

(4) Any further loss incurred by the member company after selling-out in terms of subrules (2) and (3) of this rule, arising from the difference between the selling-out prices and the payment due to the selling client shall be indemnified by the defaulting buying client.

(5) For the purpose of this rule selling-out in the open Market must be carried out in the same manner as provided for in rule 220 and the member company should instruct the Stock Exchange to sell the securities concerned.

(6) Deliveries of securities shall be made by a broker buying on a client's behalf only to the buying client, and a client shall not be entitled to sell such securities on to another member company except after full payment is made by him to his original buying broker.

(7) In the event of the death of a purchaser of securities between the time of his placing of the order to buy before he has paid for such securities, the selling broker's right to sell-out against

the buyer in the event of any default in payment shall not be impaired, and the executors (or administrators) of the deceased purchaser shall be liable to pay for all losses and expenses incurred as a result of the selling-out.

(1) Where any member company sells any listed securities on behalf of a client, the member company shall pay the client the proceeds of the sale less commission against delivery of the listed securities in negotiable order to the member company, payment being made on settlement day.

Rule 314.  
Obligations in  
sold bargains.

(2) Where a selling client has failed to deliver securities on the due date and where a member company has to make delivery to the said buying client by having to buy-in the said securities in the open Market, any loss incurred by the member arising from the difference between the buying-in price and the selling price of the defaulting selling client's bargain shall be indemnified by the defaulting selling client.

(3) For the purpose of subrule (2) of this rule, the buying-in in the open Market must be carried out in accordance with the procedures established for such transactions by the Stock Exchange and the member company should request the Stock Exchange to authorise the buying-in in the securities concerned.

(4) In the event of the death of a seller of securities between the time of placing the order to sell but before he has signed the relative transfers, the buying brokers right to buy-in in the event of any default in delivery of the securities shall not be impaired, and the estate of the deceased seller shall be liable to pay for all losses and expenses incurred as a result of the buying-in.

(1) Where securities are bought-in or sold-out in terms of rules 313 and 314, and the cost of the bought-in stock is more, or the price of the sold-out stock is less than that of the defaulted bargain, such deficit, including commission and other charges payable, shall be a debt due by the defaulter to the member company and shall be payable immediately.

Rule 315.  
Defaulting  
clients  
obligations.

(2) Where in the event of a client sold-out or bought-in under the provisions of rules 313 and 314 has not within ten (10) business days made good to the member company the price difference and

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charges referred to in subrule (1) above, the member company shall immediately advise the Stock Exchange in writing of the client's name together with a statement of his position.

(3) The Stock Exchange shall then advise such client's name to all member companies, who shall promptly submit a statement of that client's position with them to the Stock Exchange. The Stock Exchange may at its discretion order that any sum due to that client by member companies shall be retained by them for a period not exceeding three (3) months such time as that client has paid such sums as are due by him to those member companies who reported outstanding positions.

(4) Where in terms of subrule (3) of this rule a client's name is notified to member companies by the Stock Exchange, member companies shall not have any further dealing with the client so named, without the prior approval of the Stock Exchange.

Rule 316.  
General Claims.

(1) In the following rules related to benefit claims:

- (a) the prefix "ex" placed immediately before a distribution or benefit means that the bargains was dealt exclusive of distribution or benefit;
- (b) the prefix "cum" similarly implies inclusion of the distribution or benefit;
- (c) the term "books close date" means the last day on which renounceable documents or transfers will be accepted by the Registrar of the Company for registration cum benefit, or for splitting, if that is earlier;
- (d) "delivery in time for registration" in respect of a security being the subject of a distribution or benefit relative to which the register of members is situated in Trinidad and Tobago, such delivery being between broker and broker, means receipt of documents by the buyer two clear business days before the books close date;
- (e) "delivery in time for registration" in respect of a security having no register situated in Trinidad and Tobago shall be promulgated by Board Notice.

(2) All registered securities which are the subject of a distribution or benefit shall in accordance with rule 203 be dealt ex such distribution or benefit for the fifteen business days prior to the books close date.

(3) Where the original selling client has sold cum benefit, he shall be responsible to the buying client who is the beneficial owner at the books close date for the amount of the dividend rights or other interest accruing to the securities sold. Member companies shall afford mutual assistance in the recovery of dividends, rights, or other interests on behalf of a beneficial owner who is entitled to the benefit but whose transfer has not been registered.

(4) A member company making claims on behalf of clients, or on behalf of its nominee, shall do so by issuing such claims to the original selling broker or brokers. A claim shall—

- (a) quote the market contract note reference of the bargain from which the claim arises;
- (b) state the amount of the claim;
- (c) state the date on which the company's books closed to determine shareholders entitled to dividends or other benefits;
- (d) state the date of good delivery of the securities.

(5) Any payment related to dividend claims, or claims for other benefits, shall be made by a separate cheque and shall not be included in a statement for delivery.

(6) The beneficial owner of the shares registered in the name of a nominee company shall be responsible to the buyer for claims made in respect of dividends, rights, bonuses and other benefits. The nominee company shall, on demand, disclose the beneficial owner as shown in its register to the claimant.

(7) The following charges shall be made on clients for collection of dividends, capitalisations, rights or other benefits under this rule:

Charges for claims.

- (a) where a claim is raised within six (6) months of delivery of the scrip, the charge shall be 1 per cent with a minimum charge of \$10.00;

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- (b) where a claim is raised more than six (6) months after delivery of the scrip, the charge shall be 2 per cent with a maximum charge of \$10.00;
- (c) in respect of all claims for bonus issues, a collection charge of \$5.00 per certificate, not exceeding \$10.00 on any one claim, is to be levied by the collecting broker on the client.

Rule 317.  
Settlement of  
cum-rights  
bargains.

(1) Transactions in securities which are the subject of a rights issue shall be accepted by the Registrar of the listed company for registration cum right on or before books close date except that they shall be dealt ex-rights in accordance with rule 203 during the seven business days prior to books close date, new securities issued in respect thereof.

(2) A client who has sold rights shall be responsible for effecting delivery to the member company which has sold the rights on his behalf for transmission of the rights to the purchaser cum rights who shall be entitled to any renounceable documents, or to the new securities in respect thereof.

(3) It shall be good delivery in respect of bargain cum rights if the certificate of the "old" stock duly transferred, together with a renunciation form in respect of the rights signed by the transferor, has been delivered to the buyer's broker not later than five (5) business days before the books close date.

(4) Where securities cum rights have not been delivered by five (5) business days prior to the books close date, then provided that the buyer claims any renounceable documents in writing not less than five (5) business days before that day (or if the latest time for splitting renounceable documents is earlier than that day, then at such earlier time as will enable the seller to obtain any necessary split renounceable documents), then the seller shall be bound to deliver the renounceable documents duly renounced in time for registration.

(5) If the claim is made not later than the time for claiming referred to in subrule (4) above, but the seller does not deliver in

accordance with that subrule then—

- (a) in the case of nil-paid renounceable documents the seller shall take all necessary steps to prevent the rights lapsing and if they are allowed to lapse the buyer shall be entitled to deduct their value to be fixed by the Stock Exchange, up to the highest value at which nil-paid renounceable documents were traded during the period of dealing in them, from the consideration for the bargain;
- (b) in the case of fully-paid renounceable documents the buyer may require the seller to deliver the new securities instead, into the name of the buyer, or into the name of any subsequent buyer in case there has been a further sale for delivery in renounceable form.

(6) If such claim is made after the time for claiming referred to in subrule (4) above then—

- (a) in the case of nil-paid renounceable documents provided the claim is made before the time on the books close date fixed for the receipt of the acceptance, the seller shall do all he reasonably can to prevent the rights lapsing and to transfer them to the buyer; if the seller sells or has sold the rights the seller shall be liable for the proceeds of the sale of the rights; a claim made after the time for receipt of the acceptance shall be invalid;
- (b) in the case of fully-paid renounceable documents—
  - (i) if they or the new securities issued in respect thereof are in the possession of the seller he shall nonetheless according to the wish of the buyer, deliver the documents fully renounced or the new securities; and
  - (ii) if the documents or new securities are not in the possession of the seller, he shall render every assistance to the buyer in tracing them.

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(7) If the buyer has not received delivery of nil or partly-paid renounceable documents by 12.00 noon five business days before books close date he may at any time not later than 12.00 noon on the day two days before the books close date give the seller notice that he does not wish to accept the offer or make the next payment (as the case may be).

(8) If nil or partly-paid renounceable documents have not been delivered by 12.00 noon two business days preceding acceptance day and if the notice mentioned in subrule (7) above has not been given, the seller shall be bound at the request of the buyer to make all due payments on behalf of the buyer, and the buyer shall refund all such payments. Such a request shall be implied where the buyer has made a claim [under subrule (4) above].

Rule 318.  
Settlement of  
cum-  
capitalisation  
bargains.

(1) Where a member company purchases any listed securities cum capitalisation, on behalf of a client, it shall make best effort to secure the benefit of capitalisation for the client.

(2) Transactions in a registered security which become the subject of a capitalisation issue in accordance with rule 203 be dealt ex-capitalisation for the fifteen (15) business days prior to the last date on which the Registrar to the Company will accept transfers of allotment letters for registration cum capitalisation (books close date).

(3) Where a capitalisation issue is made by means of a renounceable document to the holders of old securities a buyer or the old securities cum capitalisation, who makes a claim in writing for the benefit of the capitalisation not later than five (5) business days before the books close date shall be entitled to receive the renounceable documents duly renounced on the second business day before the books close date.

(4) Where a capitalisation issue is made by means of a non-renounceable document, a buyer of old securities cum capitalisation who makes a claim in writing for the benefit of the capitalisation

not later than five (5) business days before the books close date shall be entitled to receive a transfer of the old securities not later than the second business day before the books close date.

(5) The Stock Exchange will, on application, fix a price which a buyer of old securities “cum capitalisation” may deduct from the purchase money of the old securities until the new securities are delivered.

(1) Transactions in a registered security in which a dividend has been announced, shall in accordance with rule 203 be dealt ex-dividend during the seven (7) business days before the last day on which transfers will be accepted by the Registrar of the Company for registration cum dividend (the books close date).

Rule 319.  
Settlement of  
dividend claims.

(2) It shall be the responsibility of the buyer broker to observe whether a cum dividend purchase is registered in time for his client to obtain the dividend; if his client is not so registered the buying broker will, within ten (10) business days of the books close date make an appropriate claim on the selling broker.

(3) The client who has sold cum dividend and to whom the dividend is paid due to late registration of the buyer, shall on request from the broker who transacted the sold bargain, make over the dividend to that broker forthwith on payment of the dividend by the company.

(4) On receipt of the dividend from the selling client, the selling broker will immediately settle with the buying broker who shall pay to the client the dividend due to him.

(5) The Stock Exchange shall be notified of all dividend claims made on member companies which have been outstanding for more than twenty (20) business days after payment.

(6) Where a company declares a dividend in cash with a share alternative or in shares with a cash alternative, buyers wishing to opt for the alternative offer must give notice in writing to sellers

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not later than ten (10) business days before the last date given by the company for expressing that option. If no notice has been given by that day all claims will be settled in the form the dividend was declared and not in the alternative form.

Rule 320.  
Statement of  
inter-company  
balances.

(1) Each member company shall, on the eleventh business day following the last business day of each month, issue to every other member company a complete statement of balance, detailing the bought and sold stock positions from bargains for settlement on or before the last day of the previous month which are still open.

(2) A copy of the statement shall be delivered to the Stock Exchange who will immediately record receipt in a register. If applicable, a statement of nil balance should be issued to each member company with a copy to the Stock Exchange.

(3) Member companies shall within five (5) business days advise the issuing member company of any unreconciled or unrecorded item, or certify (by endorsement) the statement as correct and return it to the issuing member company.

Rule 321.  
Use of brokers  
account to effect  
delivery.

(1) A broker may borrow securities from its broker's account for the purpose of making delivery, in the case of failure to receive securities required to be delivered. The borrowing must, however, be related to an actual delivery in connection with a specific transaction that has already occurred, and not in anticipation of some need that may or may not arise.

(2) This provision does not authorise any broker to use its broker's account to effect delivery without the consent of the Exchange. Any request to use a broker's account for such purposes must be submitted to the Exchange and in writing.

(3) Notwithstanding the foregoing, when a security held in a broker's account is used to effect delivery, such security shall be replaced by the broker within ten (10) days after the date from which the Exchange permission was granted, and it is the responsibility of the broker to notify the Exchange that the replacement has been accomplished.

(1) A member company may remunerate an employee with a proportionate share of the commission charged by the member company on the business of the principal he/she introduces provided that—

Rule 322.  
Employee  
commission  
sharing.

- (a) such an employee is registered with the Stock Exchange as a registered representative of the member company and is employed on a full-time basis by that company;
- (b) the share of the commission shall not be paid to such employee until the member company has satisfied itself that the business on which the share of the commission arises had been satisfactorily conducted including the payment and delivery of securities.

(2) In the event of an employee changing employment between member companies the new employer shall obtain a satisfactory reference in writing from the former employer stating whether or not all the employee's obligations and those of his/her clients have been met in full without assistance on the part of the member company and that the accounts have been conducted in a satisfactory manner.

#### LISTING AND DELISTING

(1) Any public company incorporated in accordance with the laws of Trinidad and Tobago wishing to have its securities listed on the Stock Exchange shall—

Rule 400.  
Listing  
Requirements.

- (a) have the subject matter securities registered and approved by the SEC;
- (b) enter into a listing agreement in the prescribed form with the Exchange;
- (c) subject to (a) and (b) above, the Exchange may make rules prescribing the conditions to be complied with where applications are made for the listing of securities;

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- (d) upon compliance with (a) and (b) above, and with any rules made under (c), the securities shall be admitted for listing on the Exchange;
- (e) the Exchange shall as often as it may determine but not less than once every week prepare and publish a list of all securities admitted for listing. Such list shall include information of the current or most recent prices of all listed securities, together with such other information as the Exchange may consider fit to include therein;
- (f) in addition to the information referred to in (e) above, the Exchange may cause to be published any other relevant information which may relate to the market price of any security.

Rule 401.  
Delisting  
Criteria.

(1) The aim of the Trinidad and Tobago Stock Exchange is to provide the foremost auction market for securities of well established companies in which there is a broad public interest and ownership.

(2) Securities admitted to the official list may be suspended from dealings or removed from the list at any time.

Prior to the delisting of any security, the Exchange shall make an appraisal of, and determine, the suitability for continued listing in light of all the pertinent facts whenever it deems such action appropriate.

The grounds under which a company's security may be delisted includes, but are not limited to the following:

- (a) failure of a company to make timely adequate and accurate disclosures of information to its shareholders and the investing public;
- (b) failure to observe good accounting practices in reporting of earnings and financial position;
- (c) conduct inconsistent with just and equitable principles of trade;

- (d) unsatisfactory financial condition or operating results;
- (e) inability to meet current debt obligations or to adequately finance operations;
- (f) abnormally low selling price or volume of trading;
- (g) unwarranted use of company's funds for the repurchase of its equity securities;
- (h) any other event or condition which may exit or occur that make further dealings and listing of the securities on the Exchange inadvisable or unwarranted in the opinion of the Exchange;
- (i) when a company falls below any of the criteria enunciated in rule 127, the Exchange may give consideration to any definitive action that a company would propose to take that would bring it in line with original standards.

(2) Changes that a company might consider or make that would bring it above the delisting criteria but not in line with the original listing standards would normally not be adequate reason to warrant continued listing.

(3) Where a listed company falls below any of the criteria for delisting, and proposes to effect a combination with an unlisted company in a manner which in the opinion of the Exchange, would result in the acquisition of the listed company by the unlisted company, regardless of which company is the survivor in the combination, the Exchange will not approve the listing of the additional shares arising out of the combination unless the company resulting from the combination meets the original listing requirements of the Exchange in all respects.

(4) Other criteria which may result in the delisting of a company includes but are not limited to—

- (a) reductions in Operating Assets and/or scope of operations;

- (b) bankruptcy and/or liquidation;
- (c) authoritative advice/proof that a security is without value;
- (d) registration no longer effective;
- (e) proxies are not solicited for all meetings of stockholders;
- (f) agreements are violated;
- (g) interest coverage of debt securities is inadequate;
- (h) failure to meet payment, redeem or retire securities on due dates.

When the Exchange gives consideration to the suspension or delisting of the ordinary shares of a company, it may consider delisting of the ordinary shares of a company, it may consider the appropriateness of the continued listing of other securities of the issuer, whether or not such other securities meet the delisting criteria otherwise applicable to them, and may determine, in light of all the circumstances, to continue such other securities on the list or to suspend and proceed to remove from the list such other securities where it seems to be advisable.

The Exchange may hold a public hearing in connection with its consideration of suspension of a security from dealing.

In the absence of any special circumstances, a security considered by the Exchange to be eligible for continued listing will not be removed from the list upon request or application of the issuer, unless the proposed withdrawal from listing is approved by the security holders at a meeting at which a substantial percentage (66  $\frac{2}{3}$ %) of the outstanding amount of the particular security is represented, without objection to the proposed withdrawal from a substantial number of individual holders of the particular security.

Rule 402.  
Stock Exchange  
Official List.

(1) The listing of a security may be suspended or cancelled and the security withdrawn from the Official List and the transaction of bargains may be suspended on the authority of the Board, or of

the Chairman or Deputy Chairman, or in the event of them not being available, any two Directors. When such action is taken otherwise than by the Board it must be reported to the Board at the first available opportunity.

(2) A decision in terms of this rule to reject or defer an application for admission to the Official List or to suspend or cancel a listing shall be immediately posted on the floor of the Stock Exchange, and be published by notice.

(1) A member company wishing to secure admission of securities to the Official List, whether already issued or to be issued, may, before applying for listing, enter into an underwriting contract in relation thereto, and may contract either as principal to subscribe or purchase, or to procure subscribers or purchasers for the same. Such purchasers or subscribers may be procured through the member companies. Arrangements other than underwriting entered into under this paragraph are “placings”, as distinguished from “dealings” which term denotes Stock Exchange transactions after admission to the Official List.

Rule 403.  
Preliminary  
arrangements  
and  
placings.

(2) Dealing or arrangements for dealings “subject to listing” are not permitted.

(3) In the case of registered securities “placed” under the provisions of subrule (1) of this rule, a member company purchasing and the placing member company must complete a market contract note. In the event that the securities are listed, such a market contract will then be executed. In the event that the securities are not admitted to the Official List then no bargain will have been established and the market contract note shall be deemed null and void.

(4) Except with the permission of the Stock Exchange under rule 201(2), securities placed under this procedure may not be replaced or negotiated in any way before admission to listing has become effective.

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(5) The general procedures for placings shall be in accordance with the Listing Requirements, Chapter 1, paragraphs 16, 17, 18 and Schedule 5—Market Statement (placings).

Rule 404.  
Capital issue by  
company under  
foreign control.

(1) The Exchange shall not permit a security of a listed company under foreign control to be listed and dealt on the Market unless registered with the Securities Exchange Commission.

(2) The Exchange shall take cognisance of any regulations governing issue of capital by listed companies under foreign control and it shall ensure that all procedures are aligned to the intent of such regulations.

Rule 405.  
Price  
stabilisation.  
[226/2001].

(1) In order to stabilise the Market, the Stock Exchange may empower the Market Official to suspend dealing in a security if the offer price rises or the bid price falls more than 10 per cent (or such percentage as the Stock Exchange may from time to time determine and promulgate by notice except for rights trading) above or below respectively the closing price of the previous business day.

(2) The Market official may also suspend dealing in any security if the buying or selling price changes abruptly without due apparent reason.

(3) Suspension of a security under subrules (1) and (2) of this rule shall be posted in the Market and shall not last beyond dealing sessions without reference of the matter to the Board of the Exchange who may at their discretion revoke or prolong such suspension.

(4) The Stock Exchange shall give notice forthwith to the Commission of any suspension or prohibition of dealing in securities.

Rule 406.  
Suspension of  
dealing.  
[226/2001].

The Stock Exchange may, at its absolute discretion, suspend or prohibit dealings in any security or all securities if, in its judgment, such action is essential to ensure proper conduct of the Market. The Stock Exchange shall in addition to giving notice forthwith to the Commission of such action, immediately publish such suspension or prohibition by notice, and by official announcement on the Market Floor.

**ADMISSION OF STOCKBROKERS, DEALERS AND  
MEMBER COMPANIES**

(1) A member company may nominate, and apply to the Stock Exchange for appointment of an authorised dealer who, after appointment, may deal in the Market on behalf of the member company.

Rule 501.  
Appointment of  
authorised  
dealers.

(2) Nomination for an authorised dealer will be received in respect of a person who—

- (a) has been nominated by the member firm on whose behalf he will deal in the market;
- (b) is a full-time employee of the member firm;
- (c) is at least eighteen years of age;
- (d) has been employed by the applicant member firm at least six months (commenced July 1, 1990) and has an accredited qualification from a recognised academic institution with a knowledge of capital markets;
- (e) has produced references as well as a police record;
- (f) has undergone trading simulations under the direction of Management.

(3) Application for authorisation shall be made by the sponsoring member company in the form prescribed in Appendix V.

(4) The Stock Exchange may refuse an application on the grounds that, either—

- (a) the nominee's experience and character render him unsuitable; or
- (b) authorisation would result in the number of authorised dealers employed by the sponsoring member company exceeding the number of registered stockbrokers in that company.

(5) The Stock Exchange may, at its discretion, post the nomination in the Market, and in this event, members and registered stockbrokers may comment on the suitability of the applicant to the Stock Exchange.

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(6) If the Stock Exchange is satisfied with the experience and character of the applicant, it shall appoint him as an authorised dealer for such period as he remains in the employment of the member company which has sponsored the application.

(7) Any reference in the dealing rules and administrative procedures to registered stockbrokers should also be construed as a reference to authorised dealers.

(8) Registered stockbroker members shall in accordance with the Rules and Regulations of the Stock Exchange be liable for acts or omissions or any authorised dealer of their member company in accordance with the Rules and Regulations of the Stock Exchange, and any offending authorised dealer shall himself be liable to suspension or cancellation of his authorisation in accordance with rule 103(1) of the Rules and Regulations of the Stock Exchange.

(9) The Stock Exchange shall cause a register of authorised dealers to be kept, in which shall be entered the names of each authorised dealer and his employing member company. This register shall be kept in the offices of the Stock Exchange and shall be available for inspection by members and authorised dealers.

(10) An authorised dealer shall not enter the trading floor of the Market until his member company shall have received from the Stock Exchange offices, notice of his admission and authorisation.

(11) Authorised dealers of a defaulting member company shall be excluded from the trading floor of the Market immediately on such default.

Rule 502.  
Appointment of  
alternate  
authorised  
dealers.

(1) A member company may nominate and apply to the Stock Exchange for appointment of an alternate authorised dealer who after appointment, may deal in the Market on behalf of a member company during the absence of the company's authorised dealer.

(2) Nomination for an alternate authorised dealer is subject to the conditions established in subrule 501(2) to (11).

**APPENDICES**

APPENDIX I	Form of Proxy [Section 4, subsections (2) and (4) of the Act].
APPENDIX II	Application for Registration as a member of the Stock Exchange (Section 10 of the Act) Statement by Sponsoring Directors.
APPENDIX III	Form of Application for Registration as a Stockbroker (Sections 16 and 18 of the Act). Statement by Sponsoring Directors.
APPENDIX IVA	Liability Notice by a Director of a Limited Corporate Member (Section 36 of the Act).
APPENDIX IVB	Withdrawal of Liability Notice (Section 36 of the Act).
APPENDIX V	Form of Application for an Authorised Dealer (Rule 501).
APPENDIX VI	Notes for Guidance on the Completion of Liquidity Returns. Statement of Financial Condition.
APPENDIX VII	Application for Inclusion in the Register of Banks and Agents (Rule 306).
APPENDIX VIII	Summary of Stock Exchange Settlement Procedural Guidelines.
APPENDIX IX	The New Transfer System and Certification Procedure.

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**APPENDIX I**

**FORM OF PROXY**

*[Section 4, subsections (2) and (4) of the Securities Industry Act]*

**THE TRINIDAD AND TOBAGO STOCK EXCHANGE**

I ..... of.....

.....

being a Member of ..... Limited

hereby appoint .....

as my proxy, to vote for me and on my behalf at the Annual General Meeting/Extraordinary

General Meeting of the Trinidad and Tobago Stock Exchange to be held on the .....

day of ..... 20.....

Signed this ..... day of ..... 20..... in the presence of

.....  
*Signature of Member*

.....  
*Signature of Witness*

\_\_\_\_\_

APPENDIX II

APPLICATION FOR REGISTRATION AS A MEMBER OF  
THE STOCK EXCHANGE

(Section 10 of the Securities Industry Act, Ch. 83:02)

To the Board of the Trinidad and Tobago Stock Exchange

In accordance with section 10 of the Securities Industry Act, Ch. 83:02, we hereby apply for registration of ..... Limited as a Member of the Trinidad and Tobago Stock Exchange.

We attach to this application:

- (i) the prescribed form of proposal and secondment completed and signed by two Directors of the Stock Exchange;
- (ii) a certified copy of the Memorandum and Articles of Association of the Company together with a certified copy of its certificate of incorporation;
- (iii) proof that prior to commencing trading on the Stock Exchange the Company will have a minimum paid up share capital of four hundred thousand dollars.

We are aware of the requirements related to Member Companies of the Securities Industry Act, Ch. 83:02 and the Rules and Administrative Procedures of the Stock Exchange, and, provided consent is granted to this application, we give a joint and several undertaking that the Company will be operated in accordance with them.

We are the Directors of the Company and we hereby undertake to assume liability for the debts and obligations of the Company in terms of and within limitations expressed in.

Yours faithfully,

Signed .....

Dated ..... 20.....

NOTE 1. Any relevant circumstances, e.g. formation of the Company to take over the business of another Member Company, should be stated.

NOTE 2. The application should be signed by all (intending) Directors whose names and addresses should be typed below the signature.

NOTE 3. The proposed/existing capital structure and the particulars of non-stockbroker shareholders and the amounts of share capital issued or which it is proposed to issue to them should be set out in a schedule and attached to the application.

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**APPENDIX II—Continued**

**STATEMENT BY SPONSORING DIRECTORS**

We, being Directors of the Trinidad and Tobago Stock Exchange, propose and second that..... Limited should be registered as a Member of the Stock Exchange.

We are aware of the contents of the Company’s application for registration and we are satisfied that to the best of our knowledge and belief the statements made therein are correct.

From our personal knowledge of the Directors of the Company we are satisfied of its fitness in all respects to become a Member.

Signature of Proposer ..... Full Name .....

Date ..... 20.....

Signature of Seconder ..... Full Name .....

Date ..... 20.....

**APPENDIX III**

**FORM OF APPLICATION FOR REGISTRATION AS A STOCKBROKER**

(Sections 16 and 18 of the Securities Industry Act, Ch. 83:02)

*TO THE BOARD OF THE TRINIDAD AND TOBAGO STOCK EXCHANGE*

I wish to be registered as a Stockbroker of the Trinidad and Tobago Stock Exchange upon the terms of, and under and subject in all respects to, the Securities Industry Act, Ch. 83:02 and the Articles, Regulations and Rules of the Stock Exchange which now are, or hereafter may be for the time being in force.

I am aware of the Articles, Regulations and Rules of the Trinidad and Tobago Stock Exchange and of the obligation imposed on Stockbrokers upon their registration.

I attach a statement evidencing that, to the best of my knowledge and belief my professional and business connections and shareholdings are not such that they would in any way adversely affect the conduct of my stockbroking business, and also evidence that this application conforms to the requirements of section 18 of the SIA.

I enclose a declaration form in accordance with Schedule 8 of the Listing Requirements.

Yours faithfully,

Date ..... 20..... Signature .....

**STATEMENT BY SPONSORING DIRECTORS OF  
THE STOCK EXCHANGE**

We recommend Mr./Mrs./Miss. .... as a fit and proper person to be registered as a stockbroker of the Trinidad and Tobago Stock Exchange. We have read the candidate's application and are aware of the contents of the candidate's declaration under Schedule 8.

We are satisfied that to the best of our knowledge and belief the statements made in respect of his/her application are correct.

Signature of the Proposer ..... Dated .....

Signature of Seconder ..... Dated .....

**APPENDIX IVA**

**LIABILITY NOTICE BY A DIRECTOR OF A LIMITED  
CORPORATE MEMBER**

(Securities Industry Act, section 36)

*TO THE BOARD OF THE TRINIDAD AND TOBAGO STOCK EXCHANGE*

..... Limited

In accordance with the provisions of Securities Industry Act, Ch. 83:02 section 36, I give you notice that I hereby assume (jointly and severally with such persons as may from time to time be Directors of the above Company and have given a Notice similar to this Notice which has not been withdrawn) liability for the debts and obligations of the Company including debts and obligations existing prior to the .....

day of ..... 20..... when this Notice shall take effect, provided that the limit of the personal liability I assume under this Notice shall not exceed \$ .....

Signed .....

Dated ..... 20.....

We being Directors of the Company, on behalf of the Board, confirm the above Notice and request you to amend the Stock Exchange records accordingly.

Signed .....  
..... } *Directors*

*N.B.— To be signed by two Directors of the Company.*

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APPENDIX IVB

WITHDRAWAL OF LIABILITY NOTICE

(Securities Industry Act, Ch. 83:02 section 36)

TO THE BOARD OF THE TRINIDAD AND TOBAGO STOCK EXCHANGE

..... Limited

I hereby request permission to withdraw the Liability Notice whereby I assumed liability not exceeding \$..... for debts and obligations of the above Company, to the intent that I shall not be liable for the Company's debts and obligations incurred after the ..... day of ..... 20.....

Signed .....

Dated ..... 20.....

We, being Directors of the Company, on behalf of the Board confirm that we have no objection to the above and request you to amend the Stock Exchange records accordingly.

Signed ..... } Directors
..... }

N.B.— To be signed by two Directors of the Company.

\_\_\_\_\_

APPENDIX V

FORM OF APPLICATION FOR AN AUTHORISED  
DEALER (RULE 501)

TO THE BOARD OF THE TRINIDAD AND TOBAGO STOCK EXCHANGE

We ..... Limited  
request permission for Mr./Mrs./Miss..... aged .....  
to act as an Authorised Dealer of this Company commencing ..... 20.....

We attach the career record of the Candidate since leaving school.

We certify that—

- (1) We have full knowledge of the Candidate's previous career and have obtained a satisfactory reference from his last employer.  
We are aware of the Candidate's declaration under Schedule 8.
- (2) The candidate is in the *bona fide* full time employment of ourselves.
- (3) We hold ourselves responsible to the Board for the conduct of his business and for his behaviour in all matters affecting the Stock Exchange or its Members.
- (4) We undertake to inform you at once if the Authorised Dealer is withdrawn or ceases to be employed by us.
- (5) The Candidate will abide by and conform to the Articles, Regulations, Rules, Administrative Procedures and Usage of the Stock Exchange, and any directions given by the Board.

We are aware that Employers are held responsible for the Stock Exchange business transacted by authorised dealers.

Yours faithfully,

Signed.....

Dated ..... of ..... 20 .....

The Authorised Dealer to sign the following:

I understand and agree to the above. I append a declaration in conformity with Schedule 8 of the Listing Agreement.

Signed .....

Dated ..... of ..... 20 .....

## APPENDIX VI

NOTES FOR GUIDANCE ON THE COMPLETION OF  
LIQUIDITY RETURNS

1. Member companies should refer to rules 300 and 301, the notes for guidance of member companies relating to these rules issued by the Board, and to the detailed description in Form LM.2, LM.3 and LM.4.
2. This return is to be completed and submitted quarterly by all member companies. One of the dates selected for the preparation of these figures should coincide with the last date of the company's financial year.
3. The return should be prepared from a trial balance and it will normally be sufficient to use control account totals (provided that these are subject to regular agreement with listing of individual balances) except in those instruments where further detailed analysis of particular items is required, as for example is the case with client balances. Any item for which member companies consider that no appropriate heading is provided should be shown separately on the return together with a suitable description.
4. Explanatory notes of any unusual items should be submitted with the completed return where appropriate.
5. Where there are no amounts appropriate to any particular item in the return or in the supplementary schedule please state "NIL" in the appropriate box.
6. The form which is sent to the Exchange Accountant should be signed. The signatures of two Directors are required in all cases. If the Managing Director also acts as the Finance Director please ensure that a second Director also signs the return.
7. Bank reconciliation should be carried out at the date of the return in respect of all balances with banks, or by reference to the latest bank statement prior to the date of the return.
8. Amounts deposited on behalf of clients which do not form part of the firm's assets, in accordance with the arrangements with the clients concerned, should together with the corresponding rights of the clients to the deposits be entered in the boxes inserted on pages 2 and 3.
9. Any refunds of tax which have been taken into account in calculating the tax provision, should be stated separately with a note as to whether or not the refund has been agreed with the Inland Revenue. If it should be desired to alter the basis upon which provision is made for taxation liabilities, the amount provided should be shown here and the details of the revised basis supplied.
10. This provision should be a reasonable estimate of the eventual taxation liability attributable to the profit available to the member company which has been earned in the period since the last financial year end; a proportion of the annual allowances as appropriate should be used in estimating the provision.
11. The settlement offices box has no current relevance, and is included for future purposes.

FORM LM 1

LIQUIDITY RETURN

*This report is being filed pursuant to rules 300 and 301 in accordance with the Rules and Regulations/Procedures of the Trinidad and Tobago Stock Exchange*

NAME OF MEMBER COMPANY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS

(Do not use P.O. Box Number)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT WITH REGARD TO THIS REPORT

FOR QUARTER ENDED

.....

Minimum liquidity margin methods used by Respondent *re* Rule 301(12)(b)(iii).....

.....

Minimum liquidity margin required \$ .....

Check Here if Respondent is Filing an Audited Report//

.....

EXECUTION:

The firm submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, financial information and/or supporting details are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

.....

Dated the ..... day of ..... 20.....

Manual signatures of:

(1) .....

*Principal Executive Officer or Managing Director*

(2) .....

*Director*

Reviewed by .....

*Name of Stock Exchange Accountants*

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FORM LM 2

**LIQUIDITY RETURN  
STATEMENT OF FINANCIAL CONDITION**

*Assets*

	Approved \$	Non-Approved \$	Total \$
1. Cash and Bank Balance at Short Notice			
A. Cash, stamps, bank balances encashable			
within three months ... ..			
B. Fixed deposits, etc.... ..			
C. Deposits with local authorities, etc.,			
encashable within one year ... ..			
D. Deposits on behalf of clients ... ..			
2. Securities			
A. Trinidad and Tobago government			
securities ... ..			
B. Listed securities ... ..			
C. Others ... ..			
3. Clients, Staff and Directors' Connected			
Persons			
A. Clients who settle on Account Day or pay			
against delivery ... ..			
B. Clients' unsecured balances outstanding			
more than ninety days ... ..			
C. Employees ... ..			
D. Employees' balances outstanding for			
more than ninety days ... ..			
E. Amounts owing other than in ordinary			
course of Stock Exchange business ... ..			
—Clients ... ..			
—Employees ... ..			
—Others ... ..			
4. Member Companies			
A. Member companies balances outstanding			
for ninety days or less ... ..			
B. Member companies balances outstanding			
for more than ninety days... ..			
5. Stock Exchange settlement office ... ..			
6. Fixed assets ... ..			
7. Payments in advance ... ..			
8. Taxation recoverable ... ..			
9. Shares and indebtedness of subsidiary companies			
10. Others ... ..			
TOTAL ASSETS ... ..			

FORM LM 3

**LIQUIDITY RETURN**  
**STATEMENT OF FINANCIAL CONDITION**

*Ranking Liabilities*

	\$	Total \$
11. Loans and Advances		
A. Bank loans and overdrafts-secured	...	.....
Bank loans and overdrafts-unsecured	...	.....
B. Other loans	...	.....
12. Clients, Staff and Directors' Connected Persons		
A. Clients—for stock exchange business	...	.....
B. Clients—for money placed on deposit	...	.....
C. Employees	...	.....
13. Member Companies		
A. Member companies	...	.....
B. Stock Exchange settlement offices...	...	.....
14. Other amounts payable in ordinary course of Stock Exchange business	...	.....
15. Amount owing to subsidiary companies	...	.....
16. Tax provisions		
A. Provision for taxation at latest financial year-end adjusted for subsequent payments and revisions	...	.....
B. Estimated provision for tax on profit earned latest financial year end	...	.....
17. Creditors and accruals...	...	.....
18. Others (List)...	...	.....
A.	...	.....
B.	...	.....
C.	...	.....
D.	...	.....
<b>TOTAL RANKING LIABILITIES</b>	...	.....

**Stockholders Equity**

19. Corporation (Company)		
A. Preferred Shares	...	.....
B. Common Shares	...	.....
C. Share Premium—Other Reserves	...	.....
D. Retained Earnings	...	.....
E. <b>TOTAL</b>	...	.....
F. Add: Subordinated loans	...	.....
20. Total stockholders equity and subordinated loans	...	.....
21. Total liabilities, stockholders equity and subordinated loans...		.....

L.R.O. 1/2006

UPDATED TO DECEMBER 31ST 2007

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FORM LM 4

**LIQUIDITY RETURN**

**COMPUTATION OF NET CAPITAL**

	\$	\$
1. Total Stockholders Equity (from Statement of Financial Condition line 19E) ... ..	.....	.....
2. Deduct: Stockholders Equity not allowed for net capital ... ..	(.....)	.....
3. Total Stockholders Equity qualified for net capital ... ..	.....	.....
4. Add:		
A. Subordinated Loans allowable in computation of net capital .....	.....	.....
B. Other (deductions) or allowable credits (List)... ..	.....	.....
5. Net Worth ... ..	.....	.....
6. Deductions and/or charges		
A. Total non-approved assets from Statement of Financial Condition... ..	.....	.....
B. Other Deductions and/or Charges... ..	.....	.....
7. Total Deduction and/or Charges ... ..	.....	.....
8. Net Capital ... ..	.....	.....

**COMPUTATION OF MINIMUM NET CAPITAL REQUIREMENT**

PART A

9. Minimum net capital required (10 per cent of line 13) ... ..	.....	.....
10. Minimum dollar net capital requirement of Member Company (Note A) ... ..	.....	.....
11. Net Capital requirement (greater of line 9 or 10) ... ..	.....	.....
12. Excess/Deficit of net capital (line 8 less 11) ... ..	.....	.....

**COMPUTATION OF RANKING LIABILITIES**

PART B

13. Total ranking liabilities from Statement of Financial Condition .....	.....	.....
14. Percentage of ranking liabilities to net capital (line 13 — by line 8) ... ..	.....	.....

NOTE A: The minimum dollar net capital required should be computed by adding \$25,000 for each registered Stockbroker of the company to \$12,500 for each Authorised Dealer in the company.

APPENDIX VII

APPLICATION FOR INCLUSION IN THE REGISTER OF  
BANKS AND AGENTS [RULE (306)]

Period ending 31st December, 20.....

TO THE BOARD OF THE TRINIDAD AND TOBAGO STOCK EXCHANGE

We hereby apply to have our name placed on the above Register under Rule 306 and enclose our cheque for the annual registration fee of \$ .....

In support of the application we undertake:

- (1) that no part of our share of commission shall directly or indirectly be returned or allowed to the Principal or to any other person;
- (2) that we will not knowingly claim or accept a share of commission on any transaction for the account or benefit of any third party whose name is for the time being included in any Register of Banks or of Agents maintained by the Stock Exchange;
- (3) that we will not in any advertisement, circular, business letterhead or card or other document on which our name appears or on any plate, board, sign or the like make or allow to be made any reference to the fact that our name is or has been included in the above Register;
- (4) that on enquiries by the Board of the Stock Exchange (the Board) into dealings in any security we will supply the Board, unless our legal obligations and our responsibilities to our customers otherwise require, particulars of dealings we have effected for our customers whenever required to do so;
- (5) that without prejudice to any other rights of a Member Company of the Stock Exchange, as between us and such Member Company, we will accept the liabilities of our customer in fulfilling obligations to such Member Companies where those responsibilities arise solely from—
  - (i) instructions given by us on behalf of our customer; or
  - (ii) instructions given direct by our customer which have been specifically confirmed on receipt by us of the contract note from the Broker;
- (6) that we will not knowingly give our Brokers instructions which, in the execution thereof, would cause them to act contrary to the Rules and Regulations of the Stock Exchange;
- (7) that we will inform our Brokers whom we instruct if any of the business covered by our instructions is business which does not entitle us to share commission by reason of the fact that it is business for our own account.

REGISTRATION

(a) *Renewal Procedure*

Registration will automatically lapse on 31st December, 20..... unless on application made by us the Board renews the registration of our name for a further period, provided that if we apply for renewal and the Board intends to reject our application the procedure set out in subparagraph (b) of this paragraph shall apply whether the Board's intended rejection arises from any alleged breach by us of any of our obligations hereunder, or is for some other reasons;

(b) *Removal from the Register*

The Board may only remove our name from the Register for good reason, and should the Board intend to remove our name from the Register by reason of any alleged breach by us of our obligations under this undertaking or for any other reason, it will give us immediate written notice of such intention specifying the alleged breach or reason and it will afford us the opportunity to rebut such alleged breach or to show why our name should not be removed from the Register, and until a final decision has been reached, it will treat the matter in the strictest confidence.

Signature of Applicant .....

Date .....

Name of Company .....

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**APPENDIX VIII  
STOCK EXCHANGE SETTLEMENT  
PROCEDURE GUIDELINES**

*Summary of Settlement Procedure*

*Timing:  
D equals Day of Deal*

S.1	Client Selling Order to Broker S	...	...	...	before D
B.1	Client Buying Order to Broker B	...	...	...	before D
S.2 } B.2 }	Market Transaction	...	...	...	D
S.3 } B.3 }	Market Contract Note made out	...	...	...	D
S.4	Client Sold Contract Note issued	...	...	...	D
B.4	Client Bought Contract Note issued	...	...	...	D
S.5	Broker S makes initial sold STF entries and despatches STF to Client	...	...	...	D plus 1*
S.6	Client S completes signature of STF and returns it to Broker S with certificate, or with certificate to follow	...	...	...	D plus 5
S.7	Certification of STF or BTF's if STF is to be split	...	...	...	D plus 5/6
S.8	STF plus certificate or certified STF or BTF despatched under standard covering form through Central Delivery to Broker B	...	...	...	D plus 10 (at explicit time)
B.5	Cheque from Buying Client to Broker B	...	...	...	D plus 10
B.6	Broker B scrutinises documents for "good delivery", pays cheque through Central Delivery to Broker S...	...	...	...	D plus 10 (at explicit time)
S.9	Selling Broker cheque to Selling Client...	...	...	...	D plus 10
B.7	Broker B inserts Buying Clients name on STF and makes declarations	...	...	...	D plus 10
B.8	STF, certificate and cover note sent to Registrar (Note: BTF's and certified STF to Stock Exchange)	...	...	...	D plus 12
B.9	Registrar carries out statutory functions, after scrutiny, registers the transfer, and issues new certificates	...	...	...	
B.10	Despatch of new certificate to Broker B.				
B.11	Despatch of certificate to Buying Client.				

\* Any reference to number of days throughout this paper should be read as number of business days.

**NEW SETTLEMENT CONTROL PROCEDURE**

- |  |                       |
|--|-----------------------|
| 1. <i>Preparation of Settlement Control Notes</i>  | <i>Timetable</i>      |
| (a) Preparation of Settlement Control Notes (SCNs) according to serial numbers in the sequence they appear in the Market Bargain Records (MBR) ... ..  | Dealing Day           |
| (b) Settlement Control Notes shall be prepared in triplicate.  |                       |
| (c) Settlement Control Notes will include the following information:   |                       |
| (i) Settlement Date  |                       |
| (ii) Number of shares  |                       |
| (iii) Security   |                       |
| (iv) Value-price and consideration   |                       |
| (v) Purchase Date  |                       |
| (vi) Bargain conditions—XD; XC; XR   |                       |
| (vii) Market Contract Ref. No.   |                       |
| (viii) Cheque Number and Date  |                       |
| (ix) Buying Broker—Name; Signature   |                       |
| (x) Selling Broker—Name; Signature   |                       |
| 2. <i>Distribution of Settlement Control Notes</i>   |                       |
| (a) The pink copies of Settlement Control Notes are delivered to the Buying Brokers.   |                       |
| (b) The blue copies of Settlement Control Notes are delivered to the Selling Brokers ... ..  | D.D. + 1              |
| (c) The white copies of Settlement Control Notes are retained at the Stock Exchange.   |                       |
| 3. <i>Filing of Settlement Control Notes</i>   |                       |
| (a) Folders are maintained which can accommodate the filing of the three copies of the Settlement Control Notes separately in the same file.   |                       |
| (b) The folders shall be marked—<br><i>Settlement Control Notes</i><br><br>Dealing Date ..... Settlement Date .....  |                       |
| Serial No. .... To No. ....  |                       |
| (c) Copies are filed in serial number sequence.  |                       |
| (i) White copies are filed, immediately after preparation ...  | D.D. + 1              |
| (ii) Pink copies are filed, when completed and returned by the Buying Brokers ... ..   | D.D. + 5 to D.D. + 10 |
| (iii) Blue copies are filed, when completed and returned by the Selling Brokers—(after these copies had been checked against Transfer Documents by the Certification Desk, and also against photocopies of the same Settlement Control Notes that may have been received earlier for part-deliveries) ...                    | D.D. + 5 to D.D. + 10 |
| 4. <i>Completion</i>   |                       |
| (a) On settlement day the file is checked for completion, i.e., that all copies issued for that date are returned.   |                       |
| (b) A “list of outstanding transactions” (pinks and blues) is prepared by completing the appropriate form ... ..   | D.D. + 11             |
| (c) A copy of the above list together with the copies (i.e., pink, blue and white) of the Settlement Control Notes received as at settlement day are then packaged together clearly marked on the outstanding Settlement Control Notes, Dealing Day, Settlement Date, Serial No. .... to No. .... and stored as completed.   |                       |
| (d) The original of the “list of outstanding transaction” is kept in a file and followed-up for completion <i>re</i> special condition of Extension; Buying-In, Selling-out, etc.... ..  | D.D. + 15             |
| (e) A copy of the “list of outstanding transactions” with the appropriate “action taken” and together with “relevant Settlement Control Notes” are then packaged together, clearly marked on the outside Settlement Control Notes, Dealing Date, Settlement Date, Serial No. .... to No. .... and stored as completed ... .. | D.D. + 16             |

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## SETTLEMENT PROCEDURAL GUIDELINES

Client Orders to Brokers	S.1,B.1	<p>Any procedures or forms associated with client orders to Brokers are at the discretion of Member Companies, and will not directly concern the Stock Exchange. Brokers will take what steps they require to assure the fiduciary nature of the instruction form the client at this stage. Section 59 of the Securities Industry Act requires the reporting of new clients to the Stock Exchange, and prohibits dealing with clients who have defaulted with any Broker. The Stock Exchange will keep a confidential register of clients, together with client records relevant to this section.</p>
Market Transaction	S.2, B.2	<p>Conduct of market transactions is defined in the Dealing Rules.</p>
Market Contract Note	S.3, B.3	<p>(1) At the end of each Trading Session, the Selling and Buying Brokers make out and initial a Market Contract Note. The Note is in triplicate, and supplied, at cost, to Brokers in book form. When completed and signed by the Selling Broker, and also signed by the Buying Broker the three copies are retained:</p> <ul style="list-style-type: none"><li>(a) top copy (yellow) to the Buying Broker;</li><li>(b) second copy (blue) to the Market Official;</li><li>(c) third copy (white) retained by the Selling Broker whose Note was made out.</li></ul> <p>(2) The first and third copies then initiate the Client Contract Note which under the legislation shall be sent out within twenty-four hours of the deal, and also the Brokers' accounting postings in their Settlement Ledgers.</p> <p>(3) The second copy is passed to the Stock Exchange Settlement Clerk who compiles the market price data to be passed to Quotations for the Official List, and who maintains the central record of bargains.</p> <p>(4) The Market Contract Note clarifies the terms and conditions under which the bargain was dealt.</p> <p>Individual entries as follows:</p> <ul style="list-style-type: none"><li>(a) Selling Broker;</li><li>(b) Transaction Date;</li><li>(c) Serial Number. The Notes are serially printed and the addition of a code letter before the serial number identifies a specific selling broker;</li><li>(d) Settlement Date. Entered according to the day posted on the dealing Board at the time of dealing;</li><li>(e) Number of Shares. Entered as a number;</li><li>(f) Security. Entered as abbreviated security title;</li><li>(g) Price. Entered as the match on the Dealing Board;</li><li>(h) Conditions. Entered to assist in later office procedures. Standard conditions will also be identifiable against date of dealing. Space is allotted for any explicit bargain condition agreed at the time of dealing;</li><li>(i) Selling and Buying Broker Signatures. Initials only required if the broker is buying for his position. This must be stated;</li><li>(j) Client References. Space included for Brokers Office convenience only.</li></ul>
Client Bought and Sold Contract Notes	S.4, B.4	<p>(1) The Securities Industry Act requires that Client Contract Notes must be issued within twenty-four hours of the deal. The Stock Exchange does not specify the general form of client contract notes, but use of the standard format by Brokers will facilitate future mechanised processing.</p> <p>(2) Securities Legislation requires that the Client Contract Notes clearly identify the Member Company as a Member of the Stock Exchange does not specify the general form of client contract notes, but use of the standard format by Brokers will facilitate future mechanised processing.</p>

		(3) The Client Contract includes: <ul style="list-style-type: none"><li>(a) the full name and registered address of the Member Company;</li><li>(b) the security and amount bought or sold;</li><li>(c) the price which shall be the price of the bargain on the Market Floor;</li><li>(d) the consideration, i.e., quantity times price;</li><li>(e) commission payable;</li><li>(f) total;</li><li>(g) account day for settlement.</li></ul>						
Selling Broker initiates Transfer Procedure	S.5	(1) For use in Stock Exchange transactions a new Transfer Form (STF) has been designed to accommodate: <ul style="list-style-type: none"><li>(a) revised rules for alien declarations in the Securities Industry Act;</li><li>(b) removal of need for attestation of signatures specified in the Securities Industry Act;</li><li>(c) removal of need for transferee's signature;</li><li>(d) signature and stamping of transferee declarations by Brokers;</li><li>(e) introduction of use of Broker Transfer Form (BTF) to facilitate delivery of split certificate.</li></ul> <p>(2) For the detailed procedure related to Transfer, reference should be made to "The New Transfer System and Certification Procedure" Appendix IX.</p> <p>(3) In respect of S.5 the Selling Broker enters on the STF the name of the undertaking, the full description of security and amount in figures and words and the name(s) of the seller. Having done this, either with the Sold Contract Note, or as soon as possible thereafter, he despatches the STF for the seller's signature.</p>						
Return of signed STF and stock certificate by Selling Client.	S.6	The Selling Client should return the transfer immediately so that it can be pre-processed for delivery. If the certificate is not by then available, the Client should ensure that together with the STF it is in the hands of the Selling Broker not later than five days after the deal so that delivery to the Buying Broker can be made on the appropriate Account Day.						
Certification of BTF if the STF is to be split.	S.7	(1) The Securities Industry Act contains provisions to allow the Stock Exchange to operate a Certification Service on behalf of Company Registrars. This is described in Appendix IX.						
Stock deliveries despatched to Buying Broker through Central Delivery.	S.8	(1) Brokers should deliver between themselves by use of the Stock Exchange Central Delivery. Behind the Stock Exchange Counter there are racks of pigeonholes. The system also covers Registrars and major institutional clients. <p>(2) The Central Delivery point is open during office hours on all business days, and messengers may deliver and collect from it letters or documents.</p> <p>(3) On each Account Day (i.e., every tenth business day after a dealing day) Selling Brokers deliver their STFs and stock or certified STFs or BTFs to the Counter where the clerk distributes it to the addressee Brokers' pigeonholes. Buying Brokers likewise collect documents due for delivery to them. The deadlines for this operation are:</p> <table><tr><td>Delivery of Stock</td><td>...</td><td>Not later than 9.00 a.m. each Account Day</td></tr><tr><td>Collection of Stock</td><td>...</td><td>9.30 a.m. each Account Day</td></tr></table>	Delivery of Stock	...	Not later than 9.00 a.m. each Account Day	Collection of Stock	...	9.30 a.m. each Account Day
Delivery of Stock	...	Not later than 9.00 a.m. each Account Day						
Collection of Stock	...	9.30 a.m. each Account Day						
Client cheques to Brokers	S.9, B.5	(1) The principle of the Account Day system is that, to permit management of money positions, delivery and payment should be on the same day, and that all payments by clients and brokers shall occur on that day.						

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			<p>(2) On the Client Contract Notes, clients would be informed that with respect to a particular bargain, their payment in settlement to, or their payment from the Broker would be due on the tenth business day following the transaction in the market. Settlement of account between the client and the broker may, however, be by private agreement between the client and the broker before that date.</p>
Receipt delivery and payment by the Buying Broker	B.6		<p>(1) Having received the STF and certificate or certified STF or BTF through Central Delivery, the Buying Broker scrutinises for good delivery, and if satisfied despatches the cheque, through Central Delivery, to the Selling Broker.</p> <p>(2) The deadlines for this operation are: Delivery of Cheques—Not later than 11.00 a.m. each Account Day Collection of Cheques—11.30 a.m. each Account Day.</p>
Bought Transfer Processing	B.7		<p>Procedures for processing of bought transfers by the Buying Broker are given in Appendix IX.</p>
STF, certificate and cover note sent to the Register	B.8		<p>Procedures for despatch of bought transfers by the Buying Broker for registration are given in Appendix IX. It should be noted that STF's covered by certificates are sent direct to the Registrar via Central Delivery, but BTF's and certified STF's must be sent through the Certification Office where the whole set of split transfers is collated before despatch by the Stock Exchange to the Registrar.</p>
Registrar Functions	B.9		<p>The Registrar scrutinises the Transfer and Certificate and registers the stock into the name of the buyer.</p>
Despatch of Certificate to Broker	B.10		<p>The Registrar, within 30 days of receipt of the transfer, despatches new certificate to the Buying Broker.</p>
Despatch of Certificate to Buying Client	B.11		<p>The buying broker delivers the certificate to the buying client.</p>

## APPENDIX IX

### THE NEW TRANSFER SYSTEM AND CERTIFICATION PROCEDURE

- Signature by Seller.
1. (a) The Stock Transfer Form (STF) may be prepared and signed by the transferor before the sale in the Market. If this is not done, the broker carrying out the sale will prepare and send out with the contract note, or immediately thereafter, an STF for the signature of the seller on which the security and the amount has been entered. The seller will be asked to sign and return the transfer immediately together with the share certificate, if held by him.
- (b) Brokers should always send an unaltered STF to the seller, but if exceptionally it proves necessary to make an alteration on a transfer form prior to signature, the transferor should be asked to initial any amendment(s) including "white-out" deletions.
- Processing of Sold Transfers.
2. The procedure of processing the sold transfer then diverges according to the following cases:
- (a) If the total share certificate is to one buyer, the selling broker will—
- (i) insert the buyer's consideration money on the STF;
  - (ii) place his stamp and the date in the box beside the transferor's signature on the STF;
  - (iii) place the market contract note reference and date of the transaction relating to the transfer in the box marked "for completion by Stock Exchange/Registrar" on the STF;
  - (iv) deliver the STF and the share certificate to the Stock Exchange under cover of a transmission note indicating clearly the Buying Broker. The Stock Exchange will scrutinise and record the delivery, and having stamped it, place it in the Buying Broker's Central Delivery Box for collection.
- (b) If part of the share certificate is to one buyer, the selling broker will—
- (i) insert the buyer's consideration money on the STF;
  - (ii) place his stamp and the date in the box beside the transferor's signature on the STF;
  - (iii) fill in, on the reverse of the STF, the number of securities required to be registered (as on the face) and the balance, which together must total to the number of securities on the certificate. Complete the required form of Advice with regard to the balance (See Attachment I) and obtain certification of the documents. The Stock Exchange will retain the certificate and the Advice for forwarding to the Registrar;
  - (iv) deliver the certified STF to the buying broker;
  - (v) receive from the Registrar a certificate in the name of the transferor for the unsold balance of shares.
- (c) If part or total of the share certificate is to two or more buyers the selling broker will—
- (i) leave blank the consideration money on the STF;
  - (ii) place his stamp in the box beside the transferor's signature on the STF;
  - (iii) cancel the lower (transferee detail) part of the STF;
  - (iv) fill in the details of the splits required on the reverse of the STF, so confirming to the Stock Exchange and Registrar the shapes of the Broker Transfer Forms (BTFs) required;

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- (v) complete Part 1 (i.e., transferor details) of a BTF for each of the component sales, leaving blank the consideration on the BTF. All BTFs must represent actual sales, and the market contract note reference and the date of the transaction must be entered on the BTF in the box marked “for completion by Stock Exchange/Registrar”;
- (vi) fill in the balance if appropriate. A balance certificate must be sought if the securities represented by the BTFs do not total to those on the relevant certificate(s);
- (vii) place his stamp and the date in Part 1 of each BTFs;
- (viii) complete the Advice of BTFs (Attachment II);
- (ix) take the Advice, STF, the BTFs and the certificate(s) relating to them to the Stock Exchange which will:
  - (A) scrutinise the documents;
  - (B) stamp and initial the STF and the BTFs;
  - (C) make available to the selling broker the BTFs for collection that day;
  - (D) retain the STF and certificate(s) (together with the Advice of BTFs);
- (x) hold the certified BTFs for delivery to the buying broker on the due Settlement Day.

Splits required by Buying Broker.

3. In the case that a single bought bargain comprises two or more client orders, and the buyer broker, therefore, requires split delivery of a single Market Contract, the buyer broker, either at the time of exchanging the Market Contract Note or within 48 hours of the deal, must notify the selling broker of the shares required. The selling broker must then, according to section 2, as may be appropriate, obtain certified BTFs for delivery to the buying broker.

Receipt of Transfer Forms by Buying Broker.

4. (a) The procedure of processing the bought transfer diverges according to the three cases quoted in 2(a) above.

(b) If as in 2(a) above an STF covered and equated by a share certificate is received, the buying broker will—

- (i) verify that the stamp of selling broker making delivery to him and that of the Stock Exchange appear on the STF;
- (ii) insert the particulars of the transferee, including the declarations on the reverse of the STF;
- (iii) place his stamp on the appropriate box in the transferee section of the STF;
- (iv) despatch the STF and the certificate to the Registrar through the Central Delivery System.

(c) If, as in 2(b) above, a certified STF is received, the buying broker will take action as in 4(b) above, except that he will despatch the certified STF to the Stock Exchange, which would be despatched to the Registrar by the Stock Exchange, together with the Advice of Balance Certificate.

[Not yet implemented].

(d) If, as in 2(c) a BTF is received, the buying broker either—

- (i) [on his client's instructions holds the BTF for sale on the Market during the period prior to the date for lodgement with the

- Registrar, over which period the transferee details are not entered]; or
- (ii) in the case that his client wishes to be immediately registered, or in the case that he is still holding the BTF until one day before the lodgement date he will—
    - (A) verify that the stamp of the selling broker making delivery to him appears on the BTF;
    - (B) insert particulars of the transferee, including the declarations on the reverse of the BTF;
    - (C) enter on to the BTF the consideration paid by the transferee;
    - (D) place his stamp on the appropriate box in the transferee section of the BTF;
    - (E) not later than 9.00 a.m. on the date stamped on the BTF indicating the final date for lodgement with the Stock Exchange, deliver the BTF to the Stock Exchange for some referencing to the parent STF, and despatch to the Registrar.
- Central Procedures with regard to BTFs operated by Stock Exchange and Companies' Registrars.
5. (a) On presentation, at the prescribed times, of document described in 2(c) above, by the selling broker, the Stock Exchange Certification Office will—
- (i) scrutinise the validity of the documents, rejecting if invalid;
  - (ii) assign and enter a reference on the STF and a sub-reference on each BTF;
  - (iii) place the Stock Exchange Certification Stamp on the box indicated on the STFs and the BTFs;
  - (iv) stamp the STFs and BTFs with the final date for lodgement with the Stock Exchange (i.e., two days after the due Settlement date);
  - (v) enter the relevant details into the Certification Control Record;
  - (vi) hold the STF and the certificate(s) for despatch to the Registrar after the BTFs have been delivered to the Stock Exchange by the Buying Broker.
- (b) On receipt of "split" STF and certificate(s) the Registrar will—
- (i) check the documents, and make out and return the receipt to the Stock Exchange;
  - (ii) in due course effect the registration of the stock into the names of the transferees on the BTFs.
- [Not yet implemented].
- [(c) A BTF delivered to a buying broker may be sold by the buying client if the transaction and the settlement of the transaction can be completed two days before the final date for lodgement stamped on the BTF. If such further sale is to satisfy more than one bought bargain, the BTF may be split in the following manner:
- (i) the required BTFs are completed by the selling broker as in 2(c) for the amounts of securities required, which must total to the whole of those of the BTF being split. The principal reference on the BTF is not transferred. The Market Contract Note reference on the BTFs is not that of the transactions related to the new BTFs;
  - (ii) the selling broker presents the original BTF together with BTFs for the components into which it is to be split to the Certification Office;
  - (iii) the Certification Office locates the original BTF in the Certification Control Record, cancels the old BTF by clearly stamping "cancelled" across it with two diagonal lines; cancels the entry of it in the Control Record;
  - (iv) new sub-references under that of the original STF are assigned to the new BTFs, and these, together with other required detail are entered into the Control Record;

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- (v) the cancelled BTF is filed;
- (vi) the new BTFs are stamped for both certification and lodgement date and made available to the selling broker through Central Delivery].

(d) All BTFs must be delivered to the Certification Office not later than 0900 a.m., on the day for lodgement stamped on them, the Certification Office will then—

- (i) sort the BTFs into reference order;
- (ii) reconcile the BTFs with the Certification Control Record;
- (iii) marry the BTFs to the STF(s) and certificate(s) to which they relate;
- (iv) mark the entries for the STFs and BTFs in the Certification Control Record as “Despatched to Registrar”;
- (v) despatch the STFs and BTFs to the Registrar under a copy of the Advice Note, the receipt for which will be returned by the Registrar;
- (vi) ensure a copy of the control sheet, and receipt, is filed.

(e) Under Stock Exchange Rules a Broker failing to return a BTF by the deadline may be fined, and in the event of consistent default, the service would be withdrawn from the Member Company concerned.

[Not yet implemented].

[(f) Unless otherwise requested by the Broker, any STF for which the market contract note date is within ten days or less of the final date for lodgement will be stamped for lodgement on the next final date. All BTFs, and sub-BTFs related to an STF will always be stamped with the lodgement date of the STF].

Confinement of BTFs to the Market [Not yet implemented].

6. BTFs may only be passed between selling and buying brokers, the Stock Exchange and the Companies’ Registrars. Stock Exchange Rule 218 penalises any broking member company infringing this procedure. [Brokers must not hold BTFs in blank (i.e., with buyers name not entered) on behalf of a client without the client’s knowledge, and holding of a BTF in blank on behalf of a client shall be treated as safe custody of stock].

*Reproduction on BTFs of matters contained on the STF*

7. Common information on the STF and the BTF may be reproduced by carbon paper or photographic means, but broking companies must ensure the clarity and indelibility of such process. All BTFs used must be the standard blue Stock Exchange printed forms, to ensure immediate identification.

## PROCEDURES FOR DELIVERING TRANSFERS AND CERTIFICATION ITEMS TO THE STOCK EXCHANGE

*(Reference to Appendix IX)*

### *Straight Transfer*

The following is required in the following order:

1. Settlement Control Note (Listing the splits and stating "STF" in the section marked "Remarks").
2. A letter addressed to the Buying Broker (BB).
3. Stock Transfer Form listing the information required.
4. Certificates (of more than two, a tape is applicable).

When securities are brought by your own firm the following are needed:

1. Settlement Control Note.
2. A letter addressed to the Registrars.
3. Follow through on 3 and 4 from the above list.

(Please note that on the STF the Buying Client's name must be typed or written in before forwarding to this office).

Straight transfers, especially in the case when the Buying Broker (BB) is another member firm, should reach the Exchange on the 9th day to ensure delivery to the buying broker on the morning of the 10th day.

### *Certification Items*

The following is required in the order listed:

1. Settlement Control Note (Listing the split and stating "BTF" in the section marked "Remarks").
2. BTF Advice or STF Advice (if the number of Certificates exceed the required space on these forms, please indicate "PTO" and type the information on the reverse side of the advice).
3. Stock transfer form listing the information required (please ensure that the required split section is filled out, and that the amount placed on the front section indicates the total amount for consideration).
4. Certificates (if more than two, a tape is applicable).
5. Broker Transfer Forms (where applicable). These should be arranged in date order. (Please note that a BTF must only carry transactions on one given date).

Certification items must reach the Exchange by the fifth day after trading, giving the buying broker sufficient time to indicate to the selling broker the splits required (which is 48 hours after trading).

When delivery is being made to the Stock Exchange, all straight transfers, certification items and BTFs returns must be placed in separate envelopes, indicating on the envelope contents inside.

When there is a problem to obtain photocopies of the SCN, a slip of paper the same size as the SCN can be utilised, but the information must be written in detail for ease of reference.

In order to keep proper records of certification items at your office, it is important on receipt of the BTFs from the Exchange, the Exchange reference number should be placed on the copy of the advice held at your office for future references.

### *Certified Items*

When certified BTFs and STFs are being delivered to the buying broker, a copy of the letter from the selling broker to the buying broker must be presented to the Exchange to ensure that delivery was made. It would be to your benefit in your office to quote the Exchange's reference number on your letter. Any follow-up procedures by this office or the Registrars are done strictly by our reference number.

**PROCEDURES FOR THE DELIVERY OF BALANCE  
CERTIFICATES/CERTIFIED RECEIPTS TO  
THE EXCHANGE**

The following is required, in the order listed, for the delivery of Balance Certificates:

- (1) Letter of request for Certified Receipt (*See* specimen attached).
- (2) (a) Settlement control note or copy thereof listing only the split, being delivered and stating "BTF" or "STF" in the section marked "remarks" (i.e., BTF/STF—Number of shares).  
(b) On settlement control note mark in RED "C/R" on the top right hand corner. This will indicate that a Certified Receipt is required for the Balance.
- (3) BTF advice of STF advice (if the number of Certificates exceed the required space on these forms please indicate "PTO" and type the information on the reverse side of the advice).
- (4) Stock transfer form listing the information required (please ensure that the required splits section is filled out, and the amount placed on the front section indicating the amount for consideration). A *RED sticker* must be placed on the STF to show a Certified Receipt is required (bottom right hand corner) *or stock transfer form listing the information required (leaving blank the areas which record the number of shares/units sold). In the section which records splits, ensure the required amounts are filled in leaving blank "total" and "balance due to seller".*
- (5) Certificates (if more than two, a tape is applicable).
- (6) Broker transfer forms (where applicable) please note that a BTF must only carry transactions on one given date.

NOTE:

- (i) These certification items must reach the Exchange by the third day after trading, giving the buying broker sufficient time to indicate to the selling broker the splits required (which is 48 hours after trading). Further splits will not be entertained.
- (ii) These items should be placed in a separate envelope recording on the outside of the envelope "Balance Certificate".
- (iii) The exchange will notify your office by telephone (within 24 hours) that the Certified Receipt is ready for delivery. Your broker/dealer would be able to sign and pick up the receipts on any given trading day.
- (iv) If your company failed to execute a sale(s) for the balance or part thereof by the date specified under "last day for trading on this receipt ....." the receipt must be returned within 24 hours to this office for cancellation.

*All Certified "STFs" and "BTFs"* must be returned to the Exchange, Registrars have been instructed not to receive any unbalanced items.

On the execution of a sale for the amount on the receipt or part thereof the following are required in the order listed:

- (a) settlement control note or copy thereof listing only the splits being delivered and stating "BTF" or "STF" in the section marked "Remarks" (i.e., BTF/STF—Number of shares);

- (b) Advice of Certified Stock/Broker Transfer Forms (if the number of certificates which were previously submitted, exceed the required space on these forms, please indicate "PTO" and type the information on the reverse side of the advice). All splits including the ones previously submitted are applicable [Attachment III];
- (c) Stock Transfer Form listing all relevant information required. (Please ensure that the amount placed on the front section represents the total consideration or part thereof from the certified receipt). In the event that the STF held at the Exchange pertaining to the transaction was in accordance with the alternate method in section (4) the aforementioned procedure is not applicable;
- (d) Certified Receipt;
- (e) Broker Transfer Forms (where applicable). (Please note that a BTF must only carry transactions on one given date).

NOTE:

- (i) These certification items must reach the Exchange within forty-eight hours after the last day for trading on the receipt giving the buying broker sufficient time to indicate to the selling broker the splits required. (Further splits will not be entertained).
- (ii) All documents pertaining to a Balance Certificate Transaction will carry the same reference number.
- (iii) In the event that a sale was executed by a Certified Receipt the Exchange will return the original "BTF" or "STF" Advice (cancelled) to your office in order to facilitate you in keeping proper record.
- (iv) List of Registrars' cut-off dates is attached for ease of reference.
- (v) *Please ensure that a clerk from your office is available if the Exchange's Settlement Department needed to have a stock transfer form completed.*

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**PRO-FORMA**

General Manager,  
Trinidad and Tobago Stock Exchange  
65, Independence Square  
Port-of-Spain

(Member Company)  
(address)

Dear Sir,

TRADING IN CERTIFIED RECEIPTS

We hereby request a Certified Receipt for (500) units of (Agostini's \$1.00 ord. shares) which represents the balance now required to be sold of the attached certified No. (12345) for (2,000) units in the name of (transferor) or (address) of which (1,500) units were sold by MCN No. (00001) on (dealing date).

We undertake to comply with the conditions laid out in respect of the issue of such certified receipt.

Yours sincerely,

.....  
(Stockbroker)

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ATTACHMENT I

NOTE: To be made out in triplicate by selling broker. One (1) copy to be retained, two (2) to be sent to Stock Exchange, one of which will be sent to the Registrar.

No.

To: THE SECRETARY/REGISTRAR ..... (Name of Company)

STF Reference

ADVICE OF CERTIFIED STOCK TRANSFER FORM(S) WHEN BALANCE CERTIFICATE IS REQUIRED

I enclose the following share certificate(s) of your Company:

Table with 3 columns: Security, No. of Certificate, Amount of Securities. Rows include Transferor and Total.

to meet Stock Transfer Form(s) carrying the above reference, for the following amount(s) of securities, which have been certified by the Stock Exchange:

.....
.....
.....

===== Total transferred

and for which a Balance Certificate in the name of the present registered holder for ..... (amount) stocks/shares is required, which should be sent, through the Stock Exchange Central Delivery to (Stamp of Selling Broker).

Please acknowledge receipt of certificate(s) and this Advice by completion and return to me, at your earliest convenience, of the attached slip.

Settlements Department,
Trinidad and Tobago Stock Exchange

Large empty rectangular box for stamp or signature.

No.

To: The Settlements Department, TRINIDAD AND TOBAGO STOCK EXCHANGE

I have to acknowledge receipt of your letter of .....

enclosing Certificate(s) for ..... (amount of

stocks/shares), and notifying that transfer(s) representing .....

(amount of stocks/shares) have been certified by you.

for ..... (name of company)

..... Secretary/Registrar.

\_\_\_\_\_

ATTACHMENT II

NOTE: To be made out in triplicate by selling broker. One (1) copy to be retained, two (2) to be sent to Stock Exchange, one of which will be sent to the Registrar.

No.

TO: THE SECRETARY/REGISTRAR ..... (Name of Company)

STF Reference

ADVICE OF CERTIFIED BROKER TRANSFER FORMS

I enclose the following share certificate(s) of your Company:

Security	No. of Certificate	Amount of Securities
Transferor		
	Total	

Together with the Stock Transfer Form(s), to meet Broker Transfer Forms for the following amounts certified by the Stock Exchange.

.....	.....	.....
.....	.....	.....
.....	.....	.....
	=====	Total transferred

The Broker Transfer Forms have been stamped as required to be lodged with you on ..... and will be available for collection from the Stock Exchange Counter at 10.00 a.m. on the following day.

A balance certificate in the name of the present registered holder is required for ..... stocks/shares which should be sent through the Stock Exchange Central Delivery to (Stamp of Selling Broker). (delete if BTFs have been certified for all the above securities)

Please acknowledge receipt of certificate(s) and this advice by completion and return to me, at your earliest convenience, of the attached slip.  
Settlements Department,  
Trinidad and Tobago Stock Exchange

[Signature box]

To: The Settlements Department  
TRINIDAD AND TOBAGO STOCK EXCHANGE

No.

I have to acknowledge receipt of your letter of ..... enclosing Certificate(s) for ..... stocks/shares, and notifying that transfer(s) representing ..... stocks/shares have been certified by you.

for ..... (Name of Company)

..... Secretary/Registrar.

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ATTACHMENT III

NOTE: To be made out in triplicate by selling broker. One (1) copy to be retained, two (2) to be sent to Stock Exchange, one of which will be sent to the Registrar.

No.

TO: THE SECRETARY/REGISTRAR ..... (Name of Company)

STF Reference

ADVICE OF CERTIFIED STOCK/BROKER TRANSFER FORMS

I enclose the following share certificate(s) of your Company:

Table with 3 columns: Security, No. of Certificate, Amount of Securities. Rows for Transferor and Total.

Together with the Stock Transfer Form(s), and/or Broker Transfer Forms carrying the above reference for the following amounts, certified by the Stock Exchange.

Table with 3 columns of dotted lines for amounts, ending with Total transferred.

The Broker Transfer Forms have been stamped as required to be lodged with you on ..... and will be available for collection from the Stock Exchange Counter at 10.00 a.m. on the following day.

A balance certificate in the name of the present registered holder is required for ..... stocks/shares which should be sent through the Stock Exchange Central Delivery to (Stamp of Selling Broker). (delete if BTFs have been certified for all the above securities).

Please acknowledge receipt of certificate(s) and this advice by completion and return to me, at your earliest convenience, of the attached slip. Settlements Department, Trinidad and Tobago Stock Exchange

Large empty box for stamp or signature.

To: The Settlements Department TRINIDAD AND TOBAGO STOCK EXCHANGE

No.

I have to acknowledge receipt of your letter of ..... enclosing certificate(s) for ..... stocks/shares, and notifying that transfer(s) representing ..... stocks/shares have been certified by you.

for ..... (Name of Company)

## **SECURITIES INDUSTRY BYE-LAWS**

### **ARRANGEMENT OF BYE-LAWS**

#### **BYE-LAW**

#### **PART I**

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2. Interpretation.
3. Fees.
4. Forms.

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#### **THE SECURITIES AND EXCHANGE COMMISSION**

5. Application
6. General conduct.
7. Transaction.
8. Reporting to the Minister or Commission.
9. Disclosure of interest.

#### **PART III**

#### **SELF-REGULATORY ORGANISATIONS**

10. Application for registration.
11. Free capital.
12. Capital requirements.
13. Prescribed records.

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#### **REGISTRATION OF MARKET ACTORS**

14. Application for registration as market actor.
15. Record keeping by registrant.
16. Adequate precautions and access.
17. Exemption from record keeping
18. Blotters.
19. Ledgers.
20. Ledger account.
21. Securities record.
22. Order and instructions.
23. Confirmation and notice.
24. Cash and margin account.

ARRANGEMENT OF BYE-LAWS—*Continued*

**BYE-LAW**

25. Option records.
26. Quarterly record.
27. Time for keeping records.
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SECURITIES INDUSTRY BYE-LAWS

*made under section 131(7)*

PART I

PRELIMINARY

Citation.           **1.** These Bye-laws may be cited as the Securities Industry Bye-laws.

Interpretation.  
[32 of 1995].       **2.** In these Bye-laws, “the Act” means the Securities Industry Act.

Fees.  
Schedule 1.       **3.** The fees payable under the Act are those set out in Schedule 1.

Forms.  
Schedule 2.       **4.** The forms herein referred to are those contained in Schedule 2 and such forms shall be used in all cases to which they are applicable, and may be modified as directed by the Commission to meet other cases.

PART II

THE SECURITIES AND EXCHANGE COMMISSION

Application.       **5.** (1) This Part applies to—  
                          (a) each member of the Commission;  
                          (b) the General Manager; and  
                          (c) each officer, clerk or other person who is employed by the Commission or who holds office or an appointment under the Act or these Bye-laws, or any person to whom any authority has been delegated by the Commission.  
  
                          (2) Bye-laws 5 and 6 do not apply to transactions in—  
                          (a) personal promissory notes; or  
                          (b) securities issued by or guaranteed by the Government of the Republic of Trinidad and Tobago or any municipal corporation or statutory board in Trinidad and Tobago or by a foreign Government.

(3) Bye-law 7 does not apply to an associate within the meaning of paragraph (d) of the definition of “associate” in section 2 of the Act where that associate effects the purchase or trade in his sole discretion and, where applicable, provides the necessary funds from his personal resources.

**6.** No person to whom this Part applies shall—

General  
conduct.

- (a) engage directly or indirectly in any personal business transaction or private arrangement for personal profit which accrues from or is based upon his official position or authority or upon confidential or non-public information which he gains by reason of such position or authority;
- (b) act in a manner that might result in or create the appearance of—
  - (i) a public office being used for private benefit, gain or profit;
  - (ii) a person receiving preferential treatment;
  - (iii) loss of independence or impartiality; or
  - (iv) loss of public confidence in the integrity of the Commission;
- (c) divulge or release, in advance or otherwise, confidential, non-public or official information to a person unless authorised under the Act or these Bye-laws;
- (d) act as an official in a matter in which he has a personal interest;
- (e) be involved, directly or indirectly, in any business or financial affairs in respect of matters which may conflict with his official duties or responsibilities; or
- (f) without the written permission of the Minister, hold office in or be a director of a reporting issuer, other than a non-profit or charitable corporation.

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Transaction.

7. (1) No person mentioned in bye-law 5(1)(c) shall, whether directly or through an associate, purchase or trade in a security of an issuer with knowledge of a material fact or material change in respect of that issuer that he knows or ought reasonably to know has not been generally disclosed.

(2) No person to whom this Part applies shall—

- (a) where he knows a fact or change in the affairs of an issuer and that the fact or change is a material fact or change, inform, other than in the necessary course of duty, another person of that material fact or change before it has been generally disclosed;
- (b) purchase or trade in a security of an issuer when in respect of any security held or issued by that issuer—
  - (i) a filing by way of prospectus or amended prospectus is being processed;
  - (ii) 90 days have not elapsed since the date on which a receipt for the prospectus was issued;
- (c) purchase or trade in securities of—
  - (i) an issuer whose status is, under the Act or these Bye-laws, being investigated or otherwise considered to determine the application of a provision of the Act or these Bye-laws; or
  - (ii) a person who is involved in a pending investigation by the Commission or who is involved in a proceeding before the Commission or to which the Commission is a party.

Reporting to the  
Minister or  
Commission.

8. (1) At the time of taking office or employment with the Commission, a person referred to in bye-law 5(1) shall provide a report disclosing his direct or indirect beneficial ownership of, or control or direction over, securities to the Minister—

- (a) in the case of members of the Commission, to the Minister;

(b) in the case of all other such persons, to the Chairman of the Commission.

(2) Each member of the Commission shall report to the Minister, and every other person referred to in bye-law 5(1)(b) or (c) shall report to the Commission, within 14 days following the end of the month in which a change occurs in his direct or indirect beneficial ownership of, or control or direction over, securities, disclosing—

(a) his direct or indirect beneficial ownership of, or control or direction over, securities at the end of that month; and

(b) the change or changes that occurred during that month.

(3) The Minister may require a person to dispose of a security acquired as a result of an unintentional or accidental violation of bye-law 9.

**9.** Every person referred to in bye-law 5 who—

Disclosure of interest.

(a) has any interest in a security, or any personal interest in any issuer or project that is the subject or part of the subject of any matter assigned to him as part of his duties; or

(b) had prior employment or relationship to any person or project which may prejudice or affect his work on any assignment,

shall—

(c) if he is a member of the Commission, advise the Minister; or

(d) in any other case, advise the Chairman of the Commission.

### PART III

#### SELF-REGULATORY ORGANISATIONS

**10.** Application for registration as a self-regulatory organisation under Part IV of the Act shall be made on Form No. 1.

Application for registration.

**11.** (1) For the purposes of sections 54(4) and 56(3) of the Act, free capital shall be capital which is held in the form of fixed

Free capital.

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(2) For the purposes of section 54(4)(a) of the Act, the minimum free capital shall be of a value of at least fifty thousand dollars.

(3) For the purposes of section 54(4)(b) of the Act, the minimum free capital shall be the value of at least five hundred thousand dollars.

(4) For the purposes of section 56(3)(a) of the Act, the minimum paid up capital or the minimum free capital, as the case may be, shall be the value of at least one million dollars.

(5) For the purposes of section 56(3)(b) of the Act, the minimum paid up capital or the minimum free capital, as the case may be, shall be the value of at least five million dollars.

Capital requirements.

**12.** (1) For the purposes of section 59(3)(d)(ii) of the Act, the capital requirement for an applicant for registration as—

- (a) an underwriter, shall be five million dollars; or
- (b) an investment adviser, shall be fifty thousand dollars.

(2) For the purposes of section 60(2)(d) of the Act, the level of capitalisation for an applicant for registration as a securities company shall be as follows:

- (a) where the securities company is to carry on the business of broking only, four hundred thousand dollars;
- (b) where the business of the securities company is to extend to equities and other securities, one million dollars;
- (c) where the securities company is to carry on other activities in addition to broking for which registration under the Act is required, five million dollars.

**13.** For the purposes of section 47(1)(a) of the Act, a self-regulatory organisation shall prepare and keep— Prescribed records.

- (a) a record of all transactions in securities crossing the floor of that self-regulatory organisation and the record shall identify the buying and selling brokers, the price, quantity and name of the securities as well as the names of the buyers and sellers of the securities;
- (b) an annual report containing the report of its Board of Directors and the annual financial statements;
- (c) a record of all disciplinary matters involving members of the self-regulatory organisation, detailing the nature of the matter and the actions taken.

#### PART IV

#### REGISTRATION OF MARKET ACTORS

**14.** (1) Application for registration as a broker, dealer, trader, investment adviser or underwriter under Part IV of the Act shall be made on Form No. 2 and application for registration as a securities company shall be made on Form No. 3. Application for registration as market actor.

(2) An application referred to in paragraph (1) shall be accompanied by the relevant fee.

**15.** A registrant registered under Part IV of the Act shall maintain at its head office, or where its head office is located outside of Trinidad and Tobago at its chief place of business in Trinidad and Tobago— Record keeping by registrant.

- (a) records that clearly record all of its business transactions and financial affairs that are conducted in Trinidad and Tobago;
- (b) records mentioned in bye-laws 18 to 27.

**16.** A registrant may only record or store information using mechanical, electronic or other devices if— Adequate precautions and access.

- (a) the method used is not prohibited by law;
- (b) he takes adequate precautions, appropriate to the methods used, to guard against falsification of the information recorded or stored; and

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- (c) he provides a means for making the information available in an accurate and intelligible form within a reasonable time to any person lawfully entitled to examine the information.

Exemption from record keeping.

**17.** Where the Commission considers that it would not be appropriate to the business of a registrant, a class of registrant or registrants generally to require the keeping of a record referred to in bye-laws 18 to 27, it may, in writing, make an order exempting a particular registrant, a class of registrant or registrants generally from maintaining all or some of those records.

Blotters.

**18.** Blotters or other records of original entry of a registrant under Part IV of the Act shall contain an itemised daily record of—

- (a) all purchases and sales of securities;
- (b) all receipts and deliveries of securities including certificate numbers;
- (c) all receipts and disbursements of cash;
- (d) all other debits and credits;
- (e) the account for which each transaction was affected;
- (f) the name of the securities to which each transaction recorded applies, their class or designation and their number or value;
- (g) the unit and aggregate purchase or sale price, if any; and
- (h) the trade date and the name or other designation of the person from whom the securities were purchased or received or to whom they were sold or delivered.

Ledgers.

**19.** Ledgers or other records of a registrant under Part IV of the Act shall reflect—

- (a) in detail, the assets, liability and capital accounts and the income and expenditure accounts;
- (b) securities in transfer;

- (c) dividends and interest received;
- (d) securities borrowed and securities loaned;
- (e) money borrowed and money loaned, together with a record of related collateral and substitutions in the collateral; and
- (f) securities that the registrant should have but has not received or has failed to deliver.

**20.** Ledger accounts or other records of a registrant under Part IV of the Act shall be itemised separately showing— Ledger account.

- (a) each cash and margin account of each client;
- (b) all purchases, sales, receipts and deliveries of securities and commodities for the account; and
- (c) all other debits and credits to the account.

**21.** A securities record of a registrant under Part IV of the Act shall show separately for each security, as at the trade date or settlement date— Securities record.

- (a) all long and short positions, including securities in safekeeping, carried for the registrant's account or for the account of clients;
- (b) the location of all securities sold long, and the position offsetting securities sold short; and
- (c) in all cases, the name or designation of the account in which each position is carried.

**22.** A record of each order and any other instructions given or received, for the purchase or sale of securities, whether executed or not, shall show with respect to each order and instruction— Order and instructions.

- (a) its terms and conditions;
- (b) any modification or cancellation of it;
- (c) the account to which it relates;
- (d) where it is placed by an individual, other than—
  - (i) the person in whose name the account is operated; or

- (ii) the individual who is duly authorised to place orders or instructions on behalf of a client that is a company, the name or designation of the individual placing it;
- (e) its time of entry and, where applicable, a statement that it is entered under the exercise of a discretionary power of the registrant or registrant's employee;
- (f) the price at which it was executed; and
- (g) where practicable, the time of its execution or cancellation.

Confirmation  
and notice.

**23.** A confirmation and notices record shall consist of—

- (a) a copy of every confirmation for each purchase and sale of securities required by section 89 of the Act; and
- (b) a copy of every notice of all other debits and credits of securities cash and other items for the accounts of clients.

Cash and margin  
account.

**24.** Subject to bye-law 29(2), a record of cash and margin accounts shall show, with respect to each cash account and margin account for each client—

- (a) the name and address of the beneficial owner of the account and of the guarantor, if any;
- (b) where the trading instructions are accepted from a person other than the client, written authorisation or ratification from the client naming that person; and
- (c) in the case of a margin account, an executed margin agreement containing the signature of the beneficial owner and the guarantor, if any, and any additional information required under bye-laws 29 and 30, but in the case of a joint account or an account of a company, the record is required only in respect of the person duly authorised to transact business for the account.

**25.** An options record shall show—

Option records.

- (a) all puts, calls, spreads, straddles and other options granted or guaranteed by the registrant or in which he has any direct or indirect interest; and
- (b) the identification of the securities to which the put, call, spread, straddle or other option relates.

**26.** (1) A quarterly record shall be prepared within a reasonable time after the end of each quarter, showing—

Quarterly record.

- (a) the proof of money balances of all ledger accounts in the form of trial balances;
- (b) a reasonable calculation of the minimum free capital required under sections 54(4) and 56(3) of the Act.

(2) Where a securities company is not a member of a self-regulatory organisation, it shall submit the records mentioned in paragraph (1) to the Commission at the end of each quarter.

**27.** Registrants registered under Part IV of the Act shall keep records of—

Time for keeping records.

- (a) unexecuted orders and instructions under bye-law 22 and confirmation under bye-law 23 for a period of at least two years; and
- (b) executed orders and instructions under bye-law 22 for a period of at least five years.

**28.** A registrant, other than a trader, shall file annually and at any other time as the Commission may require, with the Commission audited financial statements as to his financial position that are—

Filing of financial statements.

- (a) in a form satisfactory to the Commission; and
- (b) certified by him or, in the case of a company, a director, within ninety days of the end of each financial year or in the case of an individual, before 1st April in each year.

## PART V

## MARKET CONDUCT AND REGULATION

Confirmation of trade.

**29.** (1) Where a registered broker conducts a transaction for a client, he shall send to the client within twenty-four hours after the sale or purchase a written confirmation of the transaction setting out the required information in accordance with paragraph (2).

(2) Where a trading transaction is made in a security, the confirmation of that transaction shall set out—

- (a) whether or not the registered broker acted as principal or agent;
- (b) the price at and the consideration for which the sale or purchase was effected;
- (c) the commission charged in connection therewith and any other charges;
- (d) the other registered broker or dealer, if any, involved in the sale or purchase; and
- (e) the date and time at which the purchase or sale took place.

Financial information to customer by broker.

**30.** (1) Subject to paragraph (2), a registered broker shall—

- (a) when requested by a client, provide the client with—
  - (i) a copy of the most recently prepared annual statement of the broker's financial condition, as filed with the Commission or with the self-regulatory organisation of which the broker is a member;
  - (ii) a list of the names of the partners or directors and senior officials of the securities company prepared and certified as of a date not more than thirty days before the request; and
- (b) inform its clients on every statement of account or by other means approved by the Commission that the information referred to in subparagraph (a) is available on request.

(2) Where the Commission determines that a broker is subject to conditions of registration or to regulations imposed by a self-regulatory organisation that require provision of other appropriate information to clients similar to the information required under paragraph (1), the Commission may, on terms it considers appropriate, exempt the broker from the need to comply with paragraph (1).

**31.** (1) Every registrant registered under Part IV of the Act shall make enquiries concerning each client—

Enquiries concerning client.

(a) to establish—

- (i) the identity and, where applicable, the creditworthiness of the client; and
- (ii) if information known to the registrant causes doubt as to whether the client is of good reputation, the reputation of the client; and

(b) to determine the general investment needs and objectives of the client and the suitability of a proposed purchase or sale for that client.

(2) Subparagraph (1)(b) does not apply to a broker in respect of a trading transaction executed by him on the instructions of an investment adviser, portfolio manager, another broker, a financial institution or an insurance company.

**32.** Where an investment adviser or portfolio manager opens and trades an account on behalf of a client and executes the client's orders in its own name or identifies the client by means of a code or symbol, a broker who transacts business with that investment adviser or portfolio manager concerning those orders shall establish the creditworthiness of the investment adviser or portfolio manager but need not otherwise determine the suitability of a trade for the client of the investment adviser or portfolio manager.

Executing order name or code.

**33.** (1) A registrant shall develop written policies that maintain standards ensuring fairness in the allocation of investment opportunities among its clients.

Standards of investment for filing.

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(2) The registrant shall file a copy of its policies under paragraph (1) and shall give a copy of these policies to each client.

(3) This bye-law shall come into effect upon the expiration of six months from the commencement of the Act.

Separate supervision of accounts and of pooling.

**34.** A registrant shall ensure that—

- (a) the account of each client is supervised separately and distinctly from the accounts of other clients; and
- (b) except in the case of a mutual fund or pension fund, an order placed on behalf of one client is not pooled with that of another client.

Unencumbered securities held under safekeeping agreement.

**35.** A registrant who holds unencumbered securities for a client under a written safekeeping agreement shall—

- (a) keep them separate and apart from all other securities;
- (b) identify them in his security position record, client's ledger and statement of accounts as being held in safekeeping for a client; and
- (c) release the securities from the safekeeping agreement only on instructions of the client.

Trust accounts.

**36.** For the purposes of section 87A(1)(a) and (b) of the Act, the time within which payment shall be made into the trust account shall be three working days.

Statement of accounts.

**37.** (1) Where a client has a debit or credit balance with a registrant or a registrant is holding a client's securities, the registrant shall send a statement of account to that client at the end of each month in which the client effects a transaction.

(2) Subject to paragraph (1), where a registrant is holding a client's funds or securities on a continuing basis, the registrant shall forward, not less than once in every three months, a statement of account to the client showing any debit or credit balance and the details of any securities held.

(3) A statement of account sent under paragraph (1) or (2) shall indicate clearly which securities are held for safekeeping.

(4) The Commission may, if it considers that it would not be harmful to the public interest, vary the requirements of paragraph (1) as it applies to any registrant.

**38.** For the purposes of section 97(1)(a) of the Act, the information to be filed with the Commission in relation to a missing, lost, counterfeit or stolen security shall include the name of the security holder, the amount or value of the security, the name of the issuer of the security, any identification number or marks and such other information as the Commission may request.

Missing, lost, etc., security.

#### PART VI

#### DISTRIBUTIONS

**39.** The Commission may, in writing, vary a requirement of this Part in respect of a particular issuer's prospectus if the variation—

Variation of requirements.

- (a) does not inhibit full, true and plain disclosure; and
- (b) is necessary for full, true and plain disclosure.

**40.** (1) Every prospectus shall have the following printed on the outside front cover:

Presentation of content of prospectus.

“The Securities and Exchange Commission has not in any way evaluated the merits of the securities offered hereunder and any representation to the contrary is an offence.”

(2) Except where the Commission determines that to permit the inclusion of specific graphs, photographs or maps would be misleading or detract from the readability of the prospectus, the prospectus may contain—

- (a) graphs that are relevant to matters dealt with in the text;
- (b) photographs, if they depict only the product of the issuer; and

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(c) maps for the purpose of indicating the locations for property or operations present or proposed of the issuer.

(3) The information contained in a prospectus may be expressed in a condensed or summarised manner that does not obscure the required information or other information necessary for preventing the required information from being incomplete or misleading.

(4) The information contained in a prospectus shall—

(a) be presented in narrative form;

(b) be set out under appropriate headings or captions reasonably indicative of the principal subject matter set out under them; and

(c) contain a reasonably detailed table of contents.

Circular annual report.

**41.** (1) Subject to paragraph (2), where an expert is named in a prospectus, block distribution or in any record used in connection with or accompanying the foregoing documents as having prepared or certified any part or all of it, including a report or valuation used in or in connection with it, the written consent of that person to being named and as authorising the use of the report or valuation shall be filed no later than when the prospectus, block distribution circular or annual report is filed.

(2) The Commission may, if it considers that obtaining the written consent referred to in paragraph (1) is impracticable or may involve undue hardship, waive the requirement as to filing referred to in paragraph (1).

(3) An expert who is an accountant or an auditor shall, in his written consent—

(a) refer to his report, stating the date of it and the dates of the financial statements on which the report is made; and

- (b) include a statement to the effect that he has read the prospectus, block distribution circular, or annual report and has no reason to believe that there are any misrepresentations in it that—
  - (i) may be derived from the financial statements on which he reported; or
  - (ii) are within his knowledge as a result of his audit of the financial statements.

**42.** Where the consent of the expert referred to in bye-law 41(1) is required to be filed under that bye-law and that person—

Disclosure in prospectus where expert has interest.

- (a) has received or expects to receive an interest, direct or indirect, in the property of the issuer or of an associate or affiliate of the issuer;
- (b) beneficially owns, directly, a security of the issuer or of an associate or affiliate of the issuer; or
- (c) is expected to be or is in fact elected, appointed or employed as a director, officer or employee of the issuer or of an associate or affiliate of the issuer,

the issuer shall disclose in the prospectus, block distribution circular or annual report the interest, ownership or expectation or fact, as the case may be.

**43.** Where a change is proposed to be made in a prospectus which, in the opinion of the Commission, materially affects a consent given under bye-law 41, the Commission may require a further written consent to be obtained and filed under that bye-law before accepting the prospectus, block distribution circular, or annual report for filing.

Further consents.

**44.** For the purposes of section 75(4) of the Act, the time within which the offer is to be made is twenty-eight days from the date on which the agreement is filed with the Commission.

Limited offerings.

## PART VII

## FINANCIAL STATEMENTS

Financial statements in prospectus of issuer other than mutual fund.

**45.** (1) Subject to paragraph (3), a prospectus of an issuer shall contain—

- (a) an income statement of the issuer for—
  - (i) each of its last five financial years or such other period as the Commission may determine;
  - (ii) any part of a subsequent financial year to the date at which the balance sheet required by subparagraph (d) is made up;
- (b) a statement of surplus of the issuer for each financial year and part of a financial year covered by the income statement required by subparagraph (a);
- (c) subject to paragraph (3), a statement of changes in the financial position of the issuer for each financial year and part of a financial year covered by the income statement required by subparagraph (a);
- (d) a balance sheet of the issuer—
  - (i) as at a date not more than one hundred and twenty days before a receipt is issued for the prospectus by the Commission;
  - (ii) subject to paragraph (2), as at the corresponding date of the previous financial year; and

(2) Where the balance sheet required by paragraph (1)(d)(i) is as at a date other than a financial year end, the balance sheet required by paragraph (1)(d)(ii) may be omitted if the prospectus contains a balance sheet as at—

- (a) the most recent financial year end; and
- (b) the financial year end immediately preceding the most recent financial year end.

(3) Every prospectus of an issuer engaged primarily in the business of investing shall include a statement of changes in net assets instead of the statement of changes in financial position required by paragraph (1)(c).

(4) Where the securities to which a prospectus relates are debt securities and the payment of principal or interest is guaranteed, the prospectus shall contain the financial statements required by paragraph (1) with respect to the guarantor.

(5) Where the financial statements required by paragraph (1) relate to part of a financial year, the prospectus shall contain an income statement, a statement of surplus and a statement of changes in financial position for the comparable period in the preceding financial year.

(6) The Commission may exempt an issuer from including in a prospectus any record required by this bye-law if it considers that it is not contrary to the public interest to do so.

**46.** (1) The Commission may permit or require a prospectus to contain, as part of the financial statements, a *pro forma* balance sheet of the issuer and of all its subsidiaries—

Additional contents of prospectus and acquisition of business.

- (a) as at the date on which the balance sheet required by bye-law 45(1)(d)(i) is made up; and
- (b) giving effect to—
  - (i) the name and sale or redemption or other retirement of securities issued or to be issued by the issuer; and
  - (ii) other transactions that the Commission permits or requires.

(2) Where the proceeds of the securities offered by a prospectus are to be applied in whole or in part, directly or indirectly, to finance the acquisition of a business by a purchase of assets or shares, the Commission may permit or require the inclusion in the prospectus of—

- (a) the financial statements referred to in bye-law 45(1)(a), (b), (c) and (d)(i) for the respective periods or as at the date specified in that paragraph, of the business that is to be acquired; and

- (b) a *pro forma* balance sheet combining the assets and liabilities of the issuer and the business that is to be acquired as shown by their respective balance sheets as at the date referred to in bye-law 45(1)(d)(i) or the other date that the Commission permits or requires.
- (3) Subject to paragraph (6), where—
- (a) the proceeds of the securities offered by a prospectus are to be applied in whole or in part, directly or indirectly, to finance the acquisition of a business by a purchase of assets or shares; and
- (b) the Commission is satisfied that it would be meaningful to investors and necessary for full, true and plain disclosure of all material facts relating to the securities, the Commission shall require *pro forma* financial statements to be included in the prospectus for a period of not more than one year immediately before the date referred to in bye-law 45(1)(d)(i) and may permit or require *pro forma* financial statements to be included in the prospectus for a period of not more than five years before that date.
- (4) An auditor's report prepared in connection with the *pro forma* financial statements referred to in paragraph (2) or (3) need only report on the manner in which those statements are compiled.
- (5) Where, under paragraph (2), the Commission permits or requires one or more of the financial statements of a business that is to be acquired for inclusion in a prospectus, bye-laws 47 and 48 apply, as appropriate, to the financial statements of the business to be acquired.
- (6) The *pro forma* financial statements shall combine, year by year—
- (a) the income or losses of the issuer with the income or losses of the business to be acquired; and

(b) the changes in financial position of the issuer with the changes in financial position of the business to be acquired.

- 47.** (1) Subject to paragraph (2), a prospectus relating to—
- (a) an issue of debt securities having a term to maturity in coverage in excess of one year; or
  - (b) an issue of preferred shares,

Statements of assets coverage and earnings coverage in prospectus.

shall contain statements of assets coverage and earnings coverage.

(2) Paragraph (1) does not apply to a statements prospectus relating to securities of a newly organised issuer.

(3) The Commission may, where it considers that it would not be harmful to the public interest, order that paragraph (1) does not apply to the prospectus of an issuer.

**48.** (1) In this bye-law—  
“distributing firm” means a registrant that is an underwriter with respect to a distribution and includes the issuer of the securities being distributed if the issuer is registered as a security issuer;

Estimates of future earnings in prospectus.

“forecast” means a written estimate of the most probable results of operations of an issuer, alone or together with one or more of its affiliates, that contains any or all of—

- (a) an estimate of earnings or a range of earnings;
- (b) an estimate of the most probable financial position;
- (c) an estimate of changes in financial position, for one or more periods that are future periods not completed when the estimate is made, but does not include—
  - (i) an estimate that is prepared in the ordinary course of business and without reference to a specific distribution of securities; and

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- (ii) an estimate that appears in a compendium of estimates relating to a number of issuers or in a publication that is distributed regularly to investors or prospective investors, who are not selected because of their potential interest in a specific issue of securities.

(2) The Commission may permit the inclusion of a forecast in a prospectus and if it does so—

- (a) the forecast shall be identified as such in the prospectus; and
- (b) the prospectus shall include the written comments of an accountant who is a member, in good standing, of the Institute of Chartered Accountants of Trinidad and Tobago, concerning the accountant's review of the forecast.

(3) No distributing firm, during the course of a distribution of securities for which a prospectus is required to be filed under the Act, shall disseminate a forecast with respect to the issuer of those securities, unless the forecast is set out in the prospectus and what is disseminated by the distributing firm consists solely of that forecast or a reasonable extract from it or summary of it.

Financial statements of subsidiary.

**49.** The Commission may direct that separate financial statements of a subsidiary of an issuer be included in a prospectus of the issuer, whether or not the financial statements of the subsidiary are consolidated with the financial statements of the issuer contained in the prospectus.

Unconsolidated financial statements.

**50.** The Commission may permit unconsolidated financial statements to be included in a prospectus as supplementary information.

Approval of financial statements in prospectus.

**51.** (1) Where an issuer, whose financial statements are included in a prospectus, has, or is required to have an audit committee of its directors, each financial statement included in the prospectus shall be submitted for review by the committee before approval is given to it by the directors.

(2) The statements referred to in paragraph (1) shall be approved by the directors and signed manually by two of them who are duly authorised to signify approval.

**52.** (1) A financial statement that is included in a prospectus and which relates to any part of a financial year subsequent to the last audited financial year of the issuer need not be reported on by an auditor where—

Financial statements not requiring audit.

(a) that part of the financial year ended—

(i) not more than ninety days before the date on which a receipt was issued for the prospectus; and

(ii) not more than twelve months after the last audited financial year; and

(b) the issuer's balance sheet as at the end of the latest audited financial year is included in the prospectus.

(2) An auditor need not report on—

(a) the balance sheet referred to in bye-law 45(1)(d)(ii);

(b) the income statement, the statement of surplus and the statement of changes in financial statements and the *pro forma* balance sheet, for the same period for an acquired business referred to in bye-law 46(2).

(3) Where, under this bye-law, a financial statement contained in a prospectus is not reported on by an auditor, there shall be filed—

(a) the auditor's communication that is suggested for these circumstances by the Institute of Chartered Accountants of Trinidad and Tobago;

(b) where the auditor is unable to provide the communication referred to in subparagraph (a), such communication as the Commission may reasonably require.

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(4) The Commission may vary the period of time specified in paragraph (1).

Issue of receipt for prospectus.

53. The following general rules apply to the issuing of receipts for prospectus:

- (a) the Commission shall not issue a receipt for a prospectus where it is aware that the issuer is in default in filing any document required under the Act or these Bye-laws or under the written law by or under which it is incorporated or organised unless it considers that there is sufficient justification for the failure to file;
- (b) where a prospectus names an issuer's underwriter who proposes to act as underwriter and who is not a registrant or a distribution is to be effected by the issuer and the issuer is not a registrant, the Commission shall not issue a receipt for the prospectus until the underwriter is registered under the Act;
- (c) where a minimum amount of funds is required by an issuer, the Commission shall not issue the receipt for a prospectus relating to securities proposed to be distributed on a best efforts basis unless the prospectus indicates that the offering will cease if the minimum amount of funds is not subscribed within the number of days permitted by the Commission.

PART VIII

REGISTRATION OF ISSUERS AND SECURITIES

Registration statements.

54. (1) A registration statement filed with the Commission under section 64 or 65 of the Act shall be in the form set out as Form No. 4 and shall be accompanied by a copy of the constituent documents of the company, a copy of the company's last audited financial statement and the relevant fee.

(2) For the purposes of section 64(2) of the Act, the registration statement shall be filed at least fourteen days prior to the date of issue of the securities.

(3) The information contained in or filed with any registration statement shall be made available for inspection by any member of the public during normal working hours at the Office of the Commission upon payment of the relevant fee.

**55.** (1) A reporting issuer shall file with the Commission, within sixty days of the date on which it is prepared, an interim financial statement—

Interim financial statement.

(a) where the reporting issuer has not completed its first financial year, for the period commencing with the beginning of that financial year and ending six months before the date on which that financial year ends; or

(b) where the reporting issuer has completed its first financial year, for the periods commencing after the end of its last completed financial year and ending six months after that date and a comparative financial statement to the end of the corresponding periods in the last financial year.

(2) No interim financial statement needs be filed under paragraph (1) for any period that is less than six months.

(3) An interim financial statement filed under paragraph (1) need not include an auditor's report, but if an auditor has been associated with that statement, his audit report or his comments on the unaudited financial information shall accompany the statement.

(4) An interim financial statement filed under paragraph (1) shall include—

(a) a statement of changes in financial position; and  
(b) an income statement.

**56.** (1) A reporting issuer shall file annually a comparative financial statement relating separately to—

Comparative financial statements.

(a) the period that commenced on the date of incorporation or organisation and ended as at the

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- close of the first financial year or, if the reporting issuer has completed a financial year, the last financial year, as the case may be; and
- (b) the period covered by the financial year preceding the last financial year, if any.

(2) A statement required to be filed under paragraph (1) shall—

- (a) be filed within ninety days from the end of the last financial year; and
- (b) include, where it is to be filed by a reporting issuer—
  - (i) an income statement;
  - (ii) a statement of surplus; and
  - (iii) subject to paragraph (4), a statement of changes in financial position if the issuer is not primarily engaged in the business of investing.

(3) Where a change has been made in the ending date of a financial year, the issuer shall provide the Commission with a notice of the change and the reasons for it on or before the earlier of—

- (a) the new date elected for the financial year end; or
- (b) three hundred and sixty days from the end of the latest financial year reported on.

(4) Each financial statement required to be filed under paragraph (1) shall be approved by the directors of the reporting issuer, and the approval shall be evidenced by the manual or facsimile signatures of two directors duly authorised to signify the approval.

Relief from certain requirements.

**57.** On the application of a reporting issuer or on the Commission's own motion, the Commission may make an order, where it considers it not harmful to the public interest, exempting, in whole or in part a reporting issuer from the necessity to include in the financial statements that are required to be filed under this Part—

- (a) comparative financial statements for specified periods;

- (b) sales or gross operating revenue, if the Commission is satisfied that the disclosure of that information would be unduly detrimental to the interest of the reporting issuer; or
- (c) basic earnings per share or fully diluted earnings per share.

**58.** (1) Every reporting issuer shall file in duplicate—

- (a) a copy of all material sent by the reporting issuer to its security holders; and
- (b) all elective information not already filed with the Commission, whether in the same or a different form.

Filing of material sent to security holders or filed abroad.

(2) In paragraph (1)(b), “elective information” means information that is furnished to a government of another jurisdiction, or an agency thereof, or with a stock exchange of another jurisdiction, under the securities or corporation law of that jurisdiction or under the bye-laws, rules or regulations of the stock exchange, on the basis that it is material to investors although the information is not specifically required to be filed by the terms of the applicable statute or regulation or of the applicable bye-laws, rules or regulations of the stock exchange, but does not include information that is specifically required to be filed in the other jurisdiction by the terms of the applicable statute or regulation or of the bye-laws, rules or regulations of the stock exchange.

(3) Information required to be filed with the Commission under paragraph (1) shall be sent to the Commission within twenty-four hours after the reporting issuer sends the information referred to in paragraph (1)(a) to its security holders.

(4) Information that is filed with the Commission pursuant to paragraph (1)(b) and that has been filed on a confidential basis in all other jurisdictions in which it is filed, shall be kept confidential so long as it remains confidential in all those other jurisdictions.

## PART IX

## CONFLICTS OF INTEREST

Interpretation.

**59.** (1) In this Part—

“associated party of the registrant” means—

- (a) a related party of the registrant;
- (b) a partner of the registrant; or
- (c) a director, officer, salesman or employee of the registrant or a director, officer, partner, salesman or employee of a related party of the registrant if—
  - (i) in the case described in bye-law 62(1)(b), he participates in the trade or purchase;
  - (ii) in the case described in bye-law 64(1)(b), he participates in the formulation or giving of the advice; or
  - (iii) in the case described in bye-law 65(1)(b), he participates in the formulation of the investment decision;

“connected party” means, in respect of a registrant—

- (a) a person who has any indebtedness to, or other relationship with—
  - (i) the registrant;
  - (ii) a director, officer or partner of the registrant; or
- (b) a person designated under bye-law 60 to be a connected party;

“initial distribution” means a distribution, on behalf of the issuer, of a security that has not been previously issued;

“registrant” means a registered investment adviser, broker, dealer or underwriter, but does not include a security issuer;

“related party” means, in respect of a person, any other person who—

- (a) beneficially owns or exercises control or direction over securities which constitute in the aggregate more than twenty per cent of the outstanding securities of any class or series of voting securities of that other person; or

(b) would, upon the conversion or exchange of any security or the exercise of any right to convert or exchange securities into voting securities or to acquire voting securities or securities convertible or exchangeable into voting securities, beneficially own or exercise control or direction over securities which constitute in the aggregate more than twenty per cent of the outstanding securities of any class or series of voting securities of that other person;

(c) is designated under bye-law 60 to be a related party;

“security” includes, in respect of an issuer—

(a) a put, call, option or other right or obligation to purchase or sell securities of the issuer; and

(b) a security of any other issuer all or substantially all of whose assets are securities of the issuer.

(2) Notwithstanding the definition of “connected party” or “related party” in paragraph (1), a person is not a connected party of a registrant or a related party of the registrant only because the registrant, acting as an underwriter and in the ordinary course of its business owns securities issued by the person in the course of a distribution.

**60.** (1) On the application of an interested person or on the Commission’s own motion, the Commission may vary the provisions of this Part as they apply to a person by designating the person to be a related party or a connected party of a registrant—

Designation of related party or connected party.

(a) if the Commission considers the designation appropriate because of the manner in which the person carries on its business with the registrant or with any related party of the registrant; or

(b) in any other case if the Commission considers the designation to be in the public interest.

(2) The Commission shall not make a designation under paragraph (1) without first giving the registrant and the other person affected an opportunity to be heard.

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Conflict of interest rules statement. Schedule 3.

**61.** (1) Every registrant shall prepare and file with the Commission a conflict of interest rules statement in the form set out in Schedule 3.

(2) A registrant shall provide free of charge a copy of its current conflict of interest rules statement to each of its clients at the time he becomes a client of the registrant or within sixty days of the commencement of these Bye-laws.

(3) In the event of any significant change in the information required to be contained in the conflict of interest rules statement, the registrant shall—

- (a) forthwith prepare and file a revised version of the conflict of interest rules statement containing the information required by paragraph (1);
- (b) provide to each of its clients a copy of the revised version within forty-five days of the filing.

(4) Notwithstanding paragraph (1), a registrant that does not engage in activities as an adviser, broker, dealer or underwriter in respect of a security in the circumstances set out in bye-law 62, 64 or 65 is not required to prepare, file or provide to its clients a conflict of interest rules statement if it files in the required form—

- (a) a statement that it does not engage in such activities; and
- (b) an undertaking that it will not engage in such activities except in compliance with this Part.

Limitations on trading.

**62.** (1) No registrant shall—

- (a) as principal or agent, trade in or purchase a security with, from or on behalf of any client where the security is issued by the registrant or a related party of the registrant or is being issued in the course of an initial distribution by a connected party of the registrant; or
- (b) as principal or agent, trade in or purchase a security with, from or on behalf of any client where any director, officer, partner, salesman or

employee of the registrant who participates in the trade or purchase actually knows that the security will directly or indirectly be—

- (i) purchased from or sold to the registrant or an associated party of the registrant; or
- (ii) purchased from a person who is a connected party of the registrant and who controls the issuer of the security,

unless—

- (c) the registrant has, before entering into an agreement of purchase and sale respecting the security, delivered the current conflict of interest rules statement of the registrant to the client, or has informed the client orally or by some other means of substantially all the information and all changes in such information required by bye-law 61(1) and (3)(a) to be included in the conflict of interest rules statement; and
  - (d) the registrant complies with the requirement of bye-law 29 and bye-law 63.
- (2) Paragraph (1) does not apply if—
- (a) the client is purchasing as principal and is either a registered dealer or is a related party of the registrant; or
  - (b) the registrant neither solicits the trade or purchase nor advises the client in respect of it.

**63.** (1) The written confirmation of the transaction required by bye-law 29 to be sent by a registered dealer to a client, shall—

Confirmation and reporting of transactions.

- (a) in the case of a security issued by a related party of the registrant, or a security issued by a connected party of the registrant in the course of an initial distribution, state that the security was issued by a related party or a connected party of the registrant, as the case may be; and

- (b) where any director, officer, partner, salesman or employee of the registrant who participated in the transaction actually knew at the time of the transaction that the security would directly or indirectly be—
- (i) purchased from or sold to an associated party of the registrant; or
  - (ii) purchased from a person who at the time of the transaction was a connected party of the registrant and controlled the issuer of the security,

state that the security was directly or indirectly purchased from or sold to such a person.

(2) Any report, other than the written confirmation required by bye-law 29, sent or delivered by a registrant to a client respecting any trade or purchase of a security made by the registrant with, from or on behalf of the client, including a trade or purchase of a security for an account or portfolio of the client over which the registrant has discretionary authority, shall—

- (a) in the case of a security issued by a related party of the registrant, or in the course of an initial distribution, state that the security was issued by a related party or a connected party of the registrant, as the case may be; and
- (b) where any director, officer, partner, salesman or employee of the registrant who participated in the transaction actually knew at the time of the transaction that the security would directly or indirectly be—
  - (i) purchased from or sold to the registrant or an associated party of the registrant; or
  - (ii) purchased from a person who at the time of the transaction was a connected party of the registrant and controlled the issuer of the security,

state that the security was directly or indirectly purchased from or sold to such a person.

**64.** (1) No registrant shall act as an investment adviser in respect of a security where— Limitations on advising.

- (a) the security is issued by a related party of the registrant or is being issued in the course of an initial distribution by a connected party of the registrant; or
- (b) any director, officer, partner, salesman or employee of the registrant who participates in the formulation or giving of the advice actually knows, or it is reasonable for any such person to expect in the circumstances, that wholly or partly as a result of the advice given the security will directly or indirectly be—
  - (i) purchased from or sold to the registrant or an associated party of the registrant; or
  - (ii) purchased from a person who is a connected party of the registrant and who controls the issuer of the security,

unless the registrant, before advising the client, makes to the client a statement in writing or, if orally, confirmed promptly in writing—

- (c) in the case of subparagraph (a), disclosing the relationship between the registrant and the issuer of the security; and
  - (d) in the case of subparagraph (b), disclosing—
    - (i) that the registrant knows or expects that the security will or may be directly or indirectly purchased from or sold to the registrant or an associated party of the registrant or directly or indirectly purchased from a connected party of the registrant; and
    - (ii) the relationship between the registrant and such person or persons.
- (2) Paragraph (1) does not apply if—
- (a) the client is a registered dealer or a related party of the registrant; or

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- (b) the advice is given by a registered dealer and—
  - (i) is solely incidental to a trade or purchase of the security carried out by the registered dealer; and
  - (ii) no fee is charged for the advice other than the usual and customary commission for the trade or purchase.

(3) Paragraph (1)(a) does not apply if bye-law 65(1)(a) applies.

(4) Paragraph (1)(b) does not apply if bye-law 65(1)(b) applies.

Limitations on the exercise of discretion.

**65.** (1) No registrant shall, in respect of any account or portfolio of a client over which it has a discretionary authority—

- (a) purchase for or sell from such account or portfolio a security where the security is issued by the registrant or a related party of the registrant or is being issued in the course of an initial distribution by a connected party of the registrant;
- (b) purchase for or sell from such account or portfolio a security where any director, officer, partner, salesman or employee of the registrant who participates in the formulation of the investment decision made by the registrant on behalf of the client actually knows, or it is reasonable for any such person to expect in the circumstances, that the security will directly or indirectly be—
  - (i) purchased from or sold to the registrant or an associated party of the registrant; or
  - (ii) purchased from a person who is a connected party of the registrant and who controls the issuer of the security; or
- (c) purchase for such account or portfolio a security being issued in the course of an initial distribution where any director, officer, partner, salesman or

employee of the registrant or of a related party of the registrant who participates in the formulation of the investment decision made by the registrant on behalf of the client, is a director or officer of the issuer of the security,

unless prior to such purchase or sale the registrant has disclosed to the client all relevant facts in respect of the matters referred to in subparagraph (a), (b) or (c), as the case may be and has obtained the client's specific and informed written consent to purchase or sell the security for or from his account or portfolio.

(2) Paragraph (1) does not apply if the client is a registered dealer or a related party of the registrant.

(3) No registrant shall make a loan from any account or portfolio of a client over which it has discretionary authority.

#### PART X

#### CONTINGENCY FUND

**66.** In this Part—

Definitions.

“customer” or “claimant” means any individual, partnership or body corporate, except that the following shall not be regarded as claimants:

- (a) a member of a self-regulatory organisation;
- (b) a person alleging a loss who is the holder of thirty per cent or more of the issued capital of the defaulting member of the self-regulatory organisation;
- (c) other dealers in securities being businesses which hold themselves out to the general public to be making a market in securities and investment by purchasing and selling on their own account as principals;

“fund” means a contingency fund maintained pursuant to section 48(1) of the Act;

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“self-regulatory business” includes investment business arising from—

- (a) the purchase or sale in either a principal or agent capacity on the floor of a self-regulatory organisation;
- (b) investment management and advice;
- (c) any such activities as the self-regulatory organisation may from time to time determine;

“trustees” means the trustees of a fund.

Purpose of fund. **67.** A fund shall be used solely for the purpose of providing compensation to customers who suffer financial loss as a result of the insolvency, bankruptcy or default of a member of a self-regulatory organisation up to a maximum of twenty thousand dollars per claimant in any one calendar year, provided that a self-regulatory organisation may increase that maximum from time to time.

Administration of fund. **68.** (1) A fund shall be vested in and managed by a board of trustees appointed by the self-regulatory organisation.

(2) A board of trustees of a fund shall comprise at least three members.

Contribution to the fund. **69.** (1) A fund shall be financed by contributions from members of the self-regulatory organisation on the following basis:

- (a) two per cent of the member’s commissions for the year, payable on the member’s monthly commissions in an amount not less than one hundred dollars per month shall be paid into the fund;
- (b) payments of contributions shall be made on or before the sixteenth day following the end of each month; and
- (c) the self-regulatory organisation may from time to time vary the level of contributions to the fund

and also from time to time specify what is to be the total sum comprised of such contributions, with or without any accretions to the size of the fund arising from the investment by the trustees of any part thereof.

(2) When any member defaults in payment of contributions as stipulated in paragraph (1), the following provisions shall apply:

- (a) the member shall provide written reasons for the delay in respect of the payment of the contribution;
- (b) if payment is not made within three business days of the date on which it falls due, then the matter shall be referred to the board of directors for action against the member;
- (c) interest at the existing commercial bank rate shall be charged on the contribution in respect of which the member is in default.

**70.** The trustees shall maintain appropriate accounting records and submit annual accounts to the self-regulatory organisation.

Accounting for the fund.

**71.** (1) A self-regulatory organisation shall appoint auditors to perform annual audits on the fund.

Appointment of auditors.

(2) The auditors shall prepare an annual report on the accounts of the fund which shall be available for inspection by members of the self-regulatory organisation and the auditors shall forward a copy of the report to the Commission.

**72.** (1) Payment out of the fund shall only be considered if a defaulting member has failed to meet a financial obligation to a customer and the loss of the customer arose from a transaction resulting from self-regulatory business which would normally be evidenced by a contract note issued by a member of the self-regulatory organisation.

Scope of the fund.

(2) A claim shall only be valid if the customer suffered a loss arising from the transaction of self-regulatory business which was conducted with or through a member of the self-regulatory organisation or has lost cash or securities for which the member was accountable, including cash or securities held by a nominee company established by the members.

(3) A claim for consequential economic loss shall not be a valid claim.

(4) Where a claim is in respect of securities which have been improperly dealt with, the trustees shall value such securities at the market quotation of the securities at the time of the default by the member, but the trustees shall not replace misappropriated securities and compensation shall always be paid in cash.

Procedure.

**73.** (1) A claim shall be made in writing by the customer or an agent acting in his behalf.

(2) The trustees shall exercise their best efforts to obtain a statement of facts from the member in relation to whom a claim is made.

(3) A claim shall only be considered if the broker or his dealer, as the case may be, satisfies the trustees that the relevant transactions had been carried out on behalf of a customer of a member of a self-regulatory organisation involved in the transaction giving rise to the claim, and the broker or dealer, as the case may be—

- (a) produces a duplicate of the relevant contract note which shall at the time of issue by the member be designated to the customer's account;
- (b) discloses to the trustees the identity of the customers;
- (c) produces a copy of the contract note issued by the member to his customer, in order to ascertain that the intermediary had not effectively acted as principal in relation to the customer.

(4) The trustees may obtain information from such other sources as may be considered relevant in the evaluation of claims.

(5) Every effort shall be made to settle claims within three months provided that the loss falls within the limit prescribed by the self-regulatory organisation from time to time.

(6) Without prejudice to the right of the trustees to pay only such percentage of a claim as they in their absolute discretion may think fit, the trustees may decline to compensate the customer for any portion of the loss which they may consider appropriate by reason of any negligence on the part of the customer in relation to the transaction giving rise to the loss.

(7) For the avoidance of doubt, in no case is there any legal right to compensation or any duty on the part of the trustees to award compensation with respect to any claim and a payment from a fund is an *ex gratia* payment.

(8) No member of a self-regulatory organisation shall take any proceedings in any Court with respect to anything done or omitted to be done by the trustees in the exercise of their absolute discretion in the administration of a fund, or the application of its assets unless that member first refers the decision of the trustees to the self-regulatory organisation and the self-regulatory organisation gives its decision thereon.

**74.** (1) The trustees may establish a Trust Account executed under a Deed of Trust. Power of trustees.

(2) The trustees may incorporate income realised through investments as part of the fund.

(3) A fund may be retained partly or wholly in the form of cash or may be invested or reinvested in such interest bearing securities as the trustees may from time to time deem appropriate.

(4) The trustees may pledge any or all of the securities in the fund to secure the payment of any borrowing effected by the trustees, the proceeds of which are to be used to settle claims of the fund.

(5) The trustees may examine all claims made against the fund for authenticity and shall accept all legitimate claims made against the fund.

(6) The trustees may make proposals to the board of the self-regulatory organisation in respect of the operation of the fund.

(7) The trustees shall require all claimants to do or concur in doing or permitting to be done in respect of the fund, at the expense of the fund all such acts and things as may be necessary or reasonably required for the purpose of—

- (a) enforcing rights and remedies; or
- (b) obtaining relief or indemnity from other parties to which the fund shall be or would become entitled or subrogated upon its paying for or making good any loss suffered by the claimant as a result of the default of a member of the self-regulatory organisation.

(8) The acceptance by a claimant of compensation from the trustees shall constitute consent by the claimant to be a plaintiff either solely or jointly with the trustees who may, where they consider it expedient to do so, join as co-plaintiffs with the claimant in respect of a claim against a member for indemnity or damages.

(9) Where the trustees join as co-plaintiffs in a claim against a member, the trustees may determine the conduct and settlement of proceedings relating to such claim and the claimant shall provide the trustees with the relevant information to determine whether or not to proceed with a claim.

Refusal of claims.

**75.** (1) If after consideration by the trustees, an application is refused, the claimant shall be notified of the reasons for the refusal and the claimant may appeal to the board of the self-regulatory organisation.

(2) A refusal of a claim shall not prejudice the claimant's legal rights as a creditor of the member of the self-regulatory organisation in relation to whom the claim is made.

**76.** (1) A fund shall only be wound up in the event of the dissolution of the self-regulatory organisation. Winding up of fund.

(2) For the purposes of the winding up of a fund, the trustees shall first realise the assets of the fund and after meeting all liabilities, the assets so realised shall form part of the assets of the self-regulatory organisation and shall be appropriated or utilised accordingly.

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**SCHEDULE 1**

(Bye-law 3).  
 47/2006.

**1. Registration Fees**

**FEES**

(a) Broker ...	Initial and Renewal	...	\$5,000.00
(b) Investment Adviser-corporation	do.	...	\$10,000.00
(c) Investment Adviser-individual	do.	...	\$7,500.00
(d) Dealer in securities ...	do.	...	\$5,000.00
(e) Trader in securities	do.	...	\$5,000.00
(f) Underwriter of securities	do.	...	\$10,000.00
(g) Securities companies	do.	...	\$10,000.00
(h) Reporting Issuer ...	do.	...	\$5,000.00
(i) Trinidad and Tobago Stock Exchange	do.	...	0.02% of the aggregate dollar value of transactions occurring on the Exchange in the immediate previous financial year
(j) Trinidad and Tobago Central Depository ...	do.	...	\$30,000.00

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**FEES — Continued**

**2. Filing Fees**

(a) Filing of Prospectus (bonds, derivatives, equities, collective investment schemes)	Prospectus fee	\$10,000.00
(b) Filing of an Information Memorandum ... ..		\$7,500.00
(c) Filing of a takeover bid ... ..		\$15,000.00
(d) Delisting of a security... ..		\$1,000.00
(e) Filing of a Registration Statement... ..		\$100.00

**3. Market Access Fees**

(a) Issues of bonds, derivatives, equities, closed-end collective investment schemes	Initial fee	0.01% of the value of the issue
(b) Issues of open-end collective investment schemes	Annual fee	0.01% of the value of the funds raised in previous year (based on Audited accounts)

**4. Other Fees**

(a) For every extract of a page of the Register, maintained under section 53(4) of the Act, of persons registered with the Commission ...		\$2.50 per page
(b) Inspection of registration statements and information filed therewith ...		\$2.50 per page

**SCHEDULE 2**

(Bye-law 4).

**FORM NO. 1**

(Bye-law 10).

**APPLICATION FOR REGISTRATION AS A  
SELF-REGULATORY ORGANISATION**

*(Pursuant to section 36(2) of the Securities Industry Act, Ch. 83:02.)*

1. Name of Applicant (state exact name as specified in constituent document) .....
2. Country of Incorporation or Organisation of Applicant .....
3. If incorporated in a country other than Trinidad and Tobago, is the Applicant registered in Trinidad and Tobago? .....
4. Type of Business Applicant proposes to carry on .....
5. Does the Applicant have Rules for the governance of its Members? (The Rules of the Applicant must accompany this Application) .....
6. Has the Applicant or a Director or Officer of the Applicant ever been refused registration by the Trinidad and Tobago Securities and Exchange Commission? .....
7. Name and Address of Principal Executive Officer of the Applicant .....
8. Names and Addresses of Members of Board of Directors of Applicant .....
9. Address and Telephone Number(s) of Applicant's Principal Place of Business .....

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(Bye-law 14).

FORM NO. 2

APPLICATION FOR REGISTRATION AS BROKER, DEALER, INVESTMENT ADVISER, TRADER OR UNDERWRITER

Application is made for registration under the Securities Industry Act, Ch. 83:02 in the category of .....

1. (a) Name of Applicant .....

(b) Head Office Business Address .....

.....

Telephone No. .... Postal Address .....

.....

(c) Address for service in Trinidad and Tobago .....

Telephone No. .... Postal Address .....

.....

2. The Applicant maintains accounts at the following bank(s): (State Bank and

Branches through which business is transacted) .....

..... Financial Year End .....

3. Is Applicant applying for registration of any Branch Office? If so, state addresses

of Branch Office(s) .....

.....

INSTRUCTION: Answer "Yes" or "No" to the following questions. If "Yes" give particulars.

4. Has the Applicant, or to the best of the Applicant's information and belief has any affiliate of the Applicant:

(a) been registered in any capacity under the Securities Industry Act, Ch. 83:02?

.....

(b) applied for registration, in any capacity, under the Securities Industry

Act, Ch. 83:02? .....

5. Is the Applicant, or to the best of the Applicant's information and belief is any affiliate of the Applicant, now, or has any such person or company been—
- (a) registered or licensed in any capacity in any other country which requires registration or licensing to deal or trade in securities? .....
  - (b) registered or licensed in any other capacity in Trinidad and Tobago under any legislation which requires registration or licensing to deal with the public in any capacity? (e.g., as an insurance agent, real estate agent, private investigator, mortgage broker, etc.) .....
  - (c) refused registration or a licence mentioned in 5(a) or (b) above or has any registration or licence been suspended or cancelled in any category mentioned in 5(a) or (b) above? .....
  - (d) denied the benefit of any exemption from registration provided by the Securities Industry Act, Ch. 83:02?
6. Is the Applicant, or to the best of the Applicant's information and belief is any affiliate of the Applicant, now, or has any such person or company been—
- (a) a member of any Stock Exchange, Investment Dealers Association, Investment Bankers, or similar organisation, in any country? .....
  - (b) refused membership in any Stock Exchange, Investment Dealers Association, Investment Bankers, or similar organisation, in any country? .....
  - (c) suspended as a member of any Stock Exchange, Investment Dealers Association, Investment Bankers, or similar organisation, in any country? .....
7. Has the Applicant, or to the best of the Applicant's information and belief has any affiliate of the Applicant, operated under, or carried on business under, any name other than the name shown in this application? .....

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FORM NO. 2 —Continued

- 8. Has the Applicant, or to the best of the Applicant’s information and belief, has any affiliate of the Applicant—
  - (a) ever been convicted under the laws of any country, excepting minor traffic offences? .....

Is there currently an outstanding charge or indictment against the affiliate?

.....

INSTRUCTION: Question 8(a) refers to all Laws, e.g., Criminal, Customs, Liquor, etc., of any State or country, in any part of the world. You are not required to disclose any convictions for which a pardon has been granted under the Laws of Trinidad and Tobago, and which pardon has not been revoked.

- (b) ever been the defendant or respondent in any proceedings in any Civil Court in any jurisdiction in any part of the world wherein fraud was alleged?

.....

- (c) at any time declared bankruptcy, or made a voluntary assignment in bankruptcy? (If “Yes”, give particulars and also attach a certified copy of discharge).

.....

.....

- (d) ever been refused a fidelity/surety bond? .....

- 9. Set out in the space provided, the name of the Applicant, or the name of and position held by each director, officer or partner of the Applicant seeking or holding registration.

NOTE: an underwriter may not trade with the public.

Name of persons who will act (In addition to last name, give full first and middle names)	Office held
---	-------------

- 1.
- 2.
- 3.
- 4.
- 5.

- 10. Attach and mark as an exhibit a completed form for each director, officer or partner of the Applicant seeking or holding registration.

\_\_\_\_\_

FORM NO. 3

(Bye-law 14).

APPLICATION FOR REGISTRATION  
AS A SECURITIES COMPANY

(Pursuant to section 60(1)(a) of the Securities Industry Act Ch. 83:02)

To the Trinidad and Tobago Securities and Exchange Commission.

In accordance with section 60(1)(a) of the Securities Industry Act, Ch. 83:02, we hereby apply for the registration of ..... Limited as a securities company.

We attach to this application:

- (i) a certified copy of the Memorandum and Articles of Association of the Company together with a certified copy of its certificate of incorporation;
- (ii) proof that prior to commencing trading on the securities exchange the Company will have a minimum paid up share capital of ..... dollars.

We are aware of the requirements related to securities companies under the Securities Industry Act, Ch. 83:02 and the Bye-laws made thereunder and, provided approval is granted to this application, we give a joint and several understanding that the Company will be operated in accordance with them.

.....

We are the Directors of the Company and we hereby undertake to assume liability for the debts and obligations of the Company in terms of and within limitations expressed in .....

Yours faithfully,

Signed .....

.....

Dated .....

\_\_\_\_\_

LAWS OF TRINIDAD AND TOBAGO

MINISTRY OF LEGAL AFFAIRS

www.legalaffairs.gov.tt

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Chap. 83:02

Securities Industry

[Subsidiary]

Securities Industry Bye-laws

(Bye-law 54).

FORM NO. 4

REGISTRATION STATEMENT

(Pursuant to section 64 or 65 of the Securities Industry Act, Ch. 83:02)

1. Exact name of Registrant as specified in its constituent instrument .....
2. Is Registrant a public company or government entity? (If yes, specify) .....
3. Country of Incorporation or Organisation of Registrant .....
4. Name and Address of Principal Executive Officer of Registrant .....
5. Names and Addresses of Members of the Board of Directors of Registrant (in the case of a Company)
  - (a) .....
  - (b) .....
  - (c) .....
  - (d) .....
6. Address and Telephone Number of Registrant's Principal Place of Business .....
7. Type of Securities issued by Registrant .....
8. Amount or Value of each Type of Security as at the Date of Statement .....
9. Proposed Maximum Offering Price per Unit of Security .....
10. Proposed Maximum Aggregate Offering Price of Security .....
11. Appropriate Date of Commencement of Proposed Sale of Securities to the Public .....
12. Name, Address and Telephone Number of Agent for Service (if applicable) .....
13. Any other information that is not prohibited by bye-law .....
14. Signature .....

NOTE: Where security to be registered, this registration statement shall be signed by—

- (a) the principal executive officer of the issuer and at least two members of the board of directors of the issuer; or
- (b) in the case of a government entity, the underwriter or designated agent.

**SCHEDULE 3**

(Bye-law 61).

**THE SECURITIES INDUSTRY ACT**

**CONFLICT OF INTEREST RULES STATEMENT**

**GENERAL**

Under certain circumstances we may deal with or for you in securities transactions where the issuer of the securities of the other party to the transaction is this firm or a party having an ownership or business relationship with us.

Since these transactions may create a conflict between our interests and yours, we are required to disclose to you certain relevant matters relating to the transactions. This statement contains a general description of the required disclosure. A complete statement of the rules is set out in Part IX of the Securities Industry Bye-laws, 1997.

**IMPORTANT CONCEPTS**

*“Related party”*—A party is related to us if, through the ownership of or direction or control over voting securities, we exercise a controlling influence over that party or that party exercises a controlling influence over us.

*“Connected party”*—A party is connected to us if, due to indebtedness a prospective purchaser of securities of the connected party might question our independence from that party.

*“Associated party”*—An associated party is either a related party or another party in a close relationship with us, such as one of our partners, salesmen, directors or officers.

**REQUIRED DISCLOSURE**

We must make certain disclosures where we act as your broker, advise you, or exercise discretion on your behalf with respect to securities issued by us, by a related party or, in the course of an initial distribution, by a connected party. In these situations, we must disclose either our relationship with the issuer of the securities, or that we are the issuer.

We must also make disclosure to you where we know or should know that, as a result of our acting as your broker or adviser, or of our exercising discretion on your behalf, securities will be purchased from or sold to us, an associated party or, in the course of an initial distribution, a connected party.

**LAWS OF TRINIDAD AND TOBAGO**

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*Securities Industry*

[Subsidiary]

*Securities Industry Bye-laws*

**CONFLICT OF INTEREST RULES STATEMENT—Continued**

The following is a list of the time and manner to which these disclosures must be made:

Where we underwrite securities, the required disclosure will be contained in the prospectus or other document being used to qualify those securities;

Where we buy or sell securities for your account, the required disclosure will be contained in the confirmation of trade which we prepare and send to you;

Where we advise you with respect to the purchase or sale of securities, the disclosure must be made prior to our giving the advice.

In addition, where we exercise discretion under your authority in the purchase or sale of securities for your account, we may not exercise that discretion for the types of transactions described above unless we have obtained your prior specific and informed written consent.

**LIST OF RELATED PARTIES**

The following is a list as at ..... 20..... of our related parties which are reporting issuers. We will provide you with a revised version of this document if the list changes.

If you have any questions, please contact

(Registrants must list all their related parties that are reporting issuers in Trinidad and Tobago).

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