

LEGAL NOTICE NO. 226

REPUBLIC OF TRINIDAD AND TOBAGO

THE SECURITIES INDUSTRY ACT, 1995

RULES

MADE BY THE TRINIDAD AND TOBAGO SECURITIES AND EXCHANGE
COMMISSION UNDER SECTION 35(2) OF THE SECURITIES INDUSTRIES ACT

THE STOCK EXCHANGE (AMENDMENT) RULES, 2001

1. The Stock Exchange Rules published as Special Supplement to the *Trinidad and Tobago Gazette*, Volume 36, No. 77 dated 24th April, 1977 is amended—

(a) by revoking Rule 103 and substituting the following:

Rule 103

(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.

(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.”;

(b) in rule 104(3)(a) by inserting after the words “a member” the words “in good standing”;

(c) in rule 106 by inserting after subrule (3) the following new subrule:

“ (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 by-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.”;
- (d) by revoking rule 107(1) and substituting the following:
- (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
- (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.”;
- (e) in rule 112 by—
- (i) inserting in the heading after the word “NOTE”, the words “OR CONFIRMATION OF TRADE”;
- (ii) in subrule (2), by inserting after the words “contract note” the words “or confirmation”;
- (iii) in subrule (2)(c), by deleting the word “and”;
- (iv) in subrule (2)(d), by deleting the words “Exchange.” and substituting the words “Exchange; and”;
- (v) inserting after subrule (2)(d), the following new paragraph:
- “ (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.”;
- (f) in rule 119 by inserting after subrule (1), the following new subrule:
- “ (2) Registrants registered under Part IV of

the Act shall keep records of—

- (a) unexecuted orders and instructions under by-law 22 and confirmation under by-law 23 for a period of at least two years; and
- (b) executed orders and instructions under by-law 22 for a period of least five years.”;

(g) by inserting after rule 119 the following new rules:

- “ SEPARATE SUPERVISION OF ACCOUNTS AND POOLING
- Rule 120 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 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.”;

(h) in rule 405 by inserting after subrule (3) the following new subrule:

“ (4) The Stock Exchange shall give notice forthwith to the Commission of any suspension or prohibition of dealing in securities.”;

(i) in rule 406 by inserting after the words “The Stock Exchange shall” occurring in line three, the words “, in addition to giving notice forthwith to the Commission of such action,”.

Dated this 10th September, 2001.

C. ROBINSON
*Chairman,
 Trinidad and Tobago Securities
 and Exchange Commission*