



THE TRINIDAD AND TOBAGO
STOCK EXCHANGE
LIMITED

GOING PUBLIC

LISTING ON THE TTSE

June 1st 2010

Table of Contents

Foreword.....	3
The Trinidad and Tobago Stock Exchange	4
Mission Statement	4
Securities Traded	5
Markets	5
Legislation	6
Registration Process.....	6
Minimum Listing Requirements.....	6
Listing Agreement	7
TTSE Listing Fees	7
Advantages of Going Public	8
Consequences of Going Public.....	9
Professional Advisors	10
Underwriting the Issue.....	11
The Prospectus.....	11
Costs of going Public	12
Checklist for Going Public	12
Going Public: Frequently Asked Questions.....	13
TTSE Member Firms	14
Contact Us.....	15

GOING PUBLIC: LISTING ON THE TTSE

Foreword

The Trinidad and Tobago Stock Exchange (TTSE) takes pride in presenting Going Public, a document designed for companies wishing to list on the TTSE as well as for persons wanting general information about listing.

We hope that Going Public will provide the information needed and will assist in promoting the orderly development of the stock market and the Stock Exchange in Trinidad and Tobago.

We wish to acknowledge the Alberta Stock Exchange for assistance in the compilation of this document through their publication of the similar title "Going Public".

C. Wain Iton
CHIEF EXECUTIVE OFFICER

The Trinidad and Tobago Stock Exchange

The Trinidad and Tobago Stock Exchange (TTSE) was established in 1981 and is one of the main exchanges in the Caribbean. At the end of December 31st 2009, the TTSE's thirty eight listed companies had a market capitalization of US\$11.2 Billion. The TTSE was also the most active Exchange in terms of value at the end of 2009 with US\$233 Million worth of shares trading. The TTSE is home to some of the most profitable and most successful companies in the region such as ANSA Mc Al Limited, GraceKennedy Limited, Neal and Massy Holdings Limited, Republic Bank Limited, Sagikor Financial Corporation and Trinidad Cement Limited. Beginning in the 90's, a number of regional companies have had their shares cross listed on the TTSE with 12 companies from Barbados, Jamaica and Belize currently cross listed.

Mission Statement

“To facilitate the efficient mobilization and allocation of capital, fair and orderly secondary market trading in securities and the efficient clearing and settlement of transactions within a dynamic legal and regulatory framework that instills confidence in the integrity of the Exchange and related institutions.”

Securities Traded

The following types of securities are traded on the TTSE:

1. Ordinary/Common Shares
2. Preference Shares
3. Mutual Funds
4. Government Bonds
5. Corporate Bonds¹

Markets

The TTSE currently operates the following markets:

1. First Tier Market

This is the most active market for equity securities listed on the TTSE. Companies with an initial market capitalization of at least TT\$4,000,000.00 will be listed in this market. At the end of 2009, there were 33 companies with 36 securities listed on this market, with a capitalization value of approximately TT\$71 Billion.

2. Second Tier Market

This is the market for equity securities issued by companies with an initial market capitalization of at least TT\$2,000,000.00. At the end of 2009, there were 2 companies with 2 securities listed on this market, with a capitalization value of approximately TT\$116 Million.

3. Mutual Fund Market

This is the market for mutual funds listed on the TTSE. At the end of 2009, there were 3 companies with 3 securities listed on this market, with a capitalization value of approximately TT\$608 Million.

4. Government Bond Market

This is the market for bonds issued by the Government of the Republic of Trinidad and Tobago that are listed on the TTSE. At the end of 2009, there were 11 bonds listed on this market with a total face value of approximately TT\$6.7Billion.

5. Corporate Bond Market

This is the market for bonds issued by local and regional companies.

¹ The Corporate Bond Market will be launched during the second quarter of 2010.

GOING PUBLIC: LISTING ON THE TTSE

Legislation

A public company will be regulated by and must adhere to the provisions of The Securities Industry Act 1995 which are administered by the Trinidad and Tobago Securities and Exchange Commission (TTSEC), The Stock Exchange Rules which are administered by the TTSE and by The Companies Act 1995.

Registration Process

A company that wishes to have its securities listed on the TTSE must first apply to the TTSEC to be registered as a Reporting Issuer and have its securities registered. A prospectus and any other related documents must be approved by the TTSEC before a company can be listed on the TTSE. Details of the registration process can be obtained from the TTSEC.

Minimum Listing Requirements

The following are the minimum requirements that must be satisfied by a company seeking to be listed on the TTSE.

1. Initial market capitalization of TT\$ 4,000,000.00 for a company seeking to list on the First Tier Market and TT\$2,000,000.00 for a company seeking to list on the Second Tier Market.
2. A sufficient portion, which shall normally be 25% of any class of issued equity securities, is required to be in the hands of the public, that is, persons who are not associated with the directors or major shareholders. The Board of Directors of the TTSE may be willing to waive this requirement for a company seeking to list on the Second Tier Market but this company should have a minimum of 51 shareholders.

The Board of Directors of the TTSE may, at its discretion, consider an application to list a company and its securities even if the above requirements are not met.

GOING PUBLIC: LISTING ON THE TTSE

Listing Agreement

A company that has been registered as a Reporting Issuer and has registered its securities with the TTSEC can apply to the TTSE to have its securities listed for trading. Once the listing has been approved, the company will be required to sign a Listing Agreement which contains requirements that the company and its Board of Directors must satisfy at all times while it is listed on the Exchange.

The listing agreement of the Exchange has two primary purposes:

1. It places before the Exchange the information essential for the determination of the suitability of the security for public trading on the Exchange.
2. It makes available to the public such information as may reasonably be deemed as necessary to allow the public to determine the merits of the security.

TTSE Listing Fees

Category	Description	Amount
2010 Annual Equity Listing Fees	Market Capitalization ranging from \$0,000,000 to \$25,000,000	\$15,625.00
	Market Capitalization ranging from \$25,000,001 to \$100,000,000	\$25,312.50
	Market Capitalization ranging from \$100,000,001 to \$500,000,000	\$68,750.00
	Market Capitalization above \$500,000,001	\$103,125.00
2010 Annual Bond Listing Fees	Corporate Bonds (per Bond)	\$5,000.00

Category	Description	Amount
2010 Supplementary Share Listing Fees	Shares with a value not exceeding \$1,000,000	\$1,000.00
	Shares with a value not exceeding \$2,000,000	\$2,500.00
	Shares with a value not exceeding \$3,000,000	\$3,500.00
	Shares with a value not exceeding \$4,000,000	\$4,500.00
	Shares with a value not exceeding \$5,000,000	\$6,000.00
	Shares with a value not exceeding \$12,500,000	\$7,500.00
	Shares with a value not exceeding \$25,500,000	\$9,000.00
	Shares with a value not exceeding \$50,000,000	\$12,000.00
	Shares with a value exceeding \$50,000,000	\$15,000.00

Advantages of Going Public

1. Making a public offering can lead to a better valuation of the company than a private placement.
2. Funds raised via an Initial Public Offering (IPO) can be used to increase working capital or to finance growth and expansion.
3. Going public could improve a company's debt/equity ratio and net worth. The company has the opportunity to use funds raised via an IPO to pay back debt or convert the debt owed into equity, which could reduce the company's future financing costs.
4. Going public establishes the structure to facilitate raising additional capital via future offerings.
5. A public company can use equity financing as an alternative to funding from existing owners or funding from banks and other financial institutions. Equity financing relieves a company of the commitment to make interest payments to banks and other financial institutions which can be burdensome in a high interest rate environment.
6. The credibility of a company among banks is enhanced when it lists on an Exchange and generally enables more favorable borrowing terms.
7. Going public could improve a company's name and brand recognition. It demonstrates the company's openness to the outside world and its desire to expand. This new status makes the company more attractive in a number of respects, such as broadening its choice of suppliers and clients, and recognition within its business sector. It also constitutes an advantage on the regional and international stage in the search for foreign business partners since these companies may feel more comfortable doing business with a listed company that has a public history and track record as opposed to a company without one.
8. Existing shareholders have the opportunity to liquidate some of their shareholdings.
9. Shares in a listed company represent a valuable currency for acquisitions. A listed company is able to finance acquisitions wholly or partially in shares. This avoids the need to take on excessive debt or the need to use cash resources. This method of financing acquisitions was used by the Royal Bank of Canada in its acquisition of Royal Bank of Trinidad and Tobago and by Neal and Massy Holdings Limited in its acquisition of Barbados Shipping and Trading Company Limited.
10. Going public has a positive impact on employee morale and commitment to the company. By establishing Employee Share Ownership Plans, a company could provide an incentive for employees to work towards the long-term success of the company as they will become part owners of the company. These plans are useful for compensation purposes as bonuses and/or salaries can be paid in the company's shares as opposed to cash and can also be used to recruit and retain highly qualified staff.
11. Going public will provide access to regional and international investors.
12. Stamp Duty legislation provides for the transfer of shares of companies listed on the TTSE without the payment of stamp duty.
13. TTSE can provide transfer agent and registrar services to listed companies.
14. Plans for the development of an International Financial Centre should make Trinidad and Tobago the premier destination for regional companies seeking to raise capital, thereby allowing them to take advantage of the high levels of liquidity and activity in the local capital market.

Consequences of Going Public

There are consequences of going public that must be considered before making a public issue of shares. Some of these are:

1. Public Disclosure

Once a company goes public it is obligated to provide timely and continuous reporting of material corporate information as required by regulatory agencies. Quarterly financial results must be submitted to the Exchange and published in the local media within forty-five (45) days of the end of the quarter, while audited annual financial results must be submitted to the Exchange and published in local media within ninety (90) days of the end of the financial year.

Trading by Directors and Insiders and any significant corporate activity must be reported in accordance with the applicable legislation and Stock Exchange Rules.

Disclosure of such information is usually beneficial because it focuses attention on companies' successes as well as deficiencies, and encourages efficient and effective management.

2. Directorship

There are key differences in the responsibilities of directors of a public company and those of a private company. In a public company, the responsibility to the shareholders takes precedence. The directors are entrusted with managing the affairs of the company in the best interest of the shareholders and are therefore accountable to them. Independent and Non-Executive Directors can give advice and provide objectivity and balance to management and lend credibility to the company's reputation.

3. Management

The managers of a public company must be aware of the obligations and constraints of running the company and thereby adopt a suitable management style. Corporate business decisions can no longer be self-serving, as managers must always be reminded of their fiduciary duties to shareholders. In some cases managers may need to seek shareholder's approval prior to certain transactions.

Professional Advisors

The process of going public is serious business. It is therefore imperative that competent advisors are retained to ensure a successful public offering. The choice to go public should be discussed with professional advisors as early as possible. These include stockbrokers, accountants, legal counsel and investment bankers.

Investment Bankers

The role of the investment banker is to:

1. Review the company's management, financial position, products or prospects, business plan and industry.
2. Come to a decision with the company on the method of offering.
3. Come to a decision on whether an underwriting or an agency relationship will be entered into for the offering.
4. Assist the company in determining the issue price of the securities.
5. Review the prospectus for accuracy.
6. Where possible, encourage activity in the secondary market on behalf of the company after the initial offering.

Accountants & Lawyers

For a public offering accountants and lawyers should be selected on the basis of their knowledge of the capital market and the requirements for going public. They are charged with the responsibility of accurate preparation and presentation of financial and legal documents.

Stockbrokers

Some criteria for selecting a stockbroker are as follows:

1. Recognized organizations with reputable securities experience and full service capabilities.
2. Experience in successfully managing public offerings.
3. Knowledge and understanding of your business.
4. Research capabilities.

Underwriting the Issue

An underwriter arranges the issue of the securities and agrees to purchase any unsold securities thereby ensuring full subscription. Underwriting is the business of investment bankers who usually form an underwriting group, also called a syndicate, to pool the risk and assure the successful distribution of the issue.

Best Effort (Agent)

The underwriter acts only as agents for the sale of the company's shares. They agree to do their best to sell an issue to the public. Instead of buying the securities outright, these agents have an option to buy and an authority to sell the securities. They receive commissions, usually on a sliding scale, and the company's receipts depend on the success of the sale.

All or None

This method gives the issuer the right to cancel the entire issue if the underwriting is not fully subscribed.

Under any of these methods, the underwriter may be given the option to make further purchases of shares at an agreed price. The underwriter could exercise this option if the issue is oversubscribed or if the market price increases over the issue price.

The Prospectus

The prospectus is a formal written offer to sell securities that outlines the business plan for the company and provides a prospective investor with the information needed to make an informed decision. The prospectus contains detailed operational and financial information about the company.

Information contained in the prospectus includes, but is not limited to, the following:

1. *Background information on the company:* This gives the description and history of the company and the industry, its prospects and operations.
2. *Financial Statements:* Up to date audited financial statements (where available) must be included. Sometimes up to 3 years may be required.
3. *Business Plan:* The business plan provides important information for potential investors. It details growth projections, as well as development and strategic plans to achieve objectives.
4. *Use of proceeds:* This information shows the main uses of the net proceeds from the sale e.g. the particulars of any major assets to be acquired or prospects to be developed.
5. *Directors, officers and major shareholders:* The prospectus must give the names, main occupations and addresses of major shareholders, Directors and senior management together with their equity holdings in the company seeking listing.

GOING PUBLIC: LISTING ON THE TTSE

Costs of going Public

Taking a company public does incur costs that vary with each issue. These costs are likely to include, but are not limited to, the following:

1. Broker/ Dealer Fees – normally a percentage of the amount being raised and is often negotiated between the issuer and the broker/dealer.
2. Professional Fees – depends on professionals retained.
3. Printing Costs – depends on the size and quality of the prospectus and other material.
4. Listing Fees – based on the value and type of the securities being issued.

After a company has been listed on the Exchange there will be costs associated with maintaining the listing. These costs are likely to include, but are not limited to, the following:

1. Annual Listing Fees
2. Registrar/Transfer Agent Fees
3. Supplementary listing fees for additional shares
4. Publishing notices to shareholders and financial results
5. Printing annual reports

Checklist for Going Public

This is a list of some of the activities involved in going public:

1. Selection of introducing broker/dealer, legal counsel and accountants/financial advisors
2. Appointment of additional directors if necessary
3. Compilation of the required financial statements
4. Preparation of business plan, feasibility studies and technical reports
5. Preparation of the prospectus
6. Printing of the preliminary prospectus
7. Filing of the preliminary prospectus with the TTSEC and the TTSE
8. Filing of Application for Listing with the Stock Exchange
9. Filing of Listing Agreement with the Stock Exchange
10. Presale meetings and pricing of shares
11. Obtain approval of final prospectus from the TTSEC
12. Public sale and distribution of shares
13. Listing of shares on the TTSE

Going Public: Frequently Asked Questions

1. Can my company go public?

Any company can go public. A history of good earnings, promising prospects or products, competitiveness and a sound management team are integral to the success of a public issue of shares.

2. Is this company ready to go public?

Readiness to go public depends on:

- a. strong growth and revenue earning potential
- b. a competent management team
- c. a need to obtain funds

Additionally, if the company is at the developmental stage where manufacturing, marketing and technological viability has been achieved but it has not yet shown a profit, this may be the right time to make a public offering.

3. How much capital should I raise?

This is dependent on the capital needs of the company and the percentage of ownership that the owner(s) is willing to offer to the public.

4. Who decides what price the shares should be issued at?

The issue price of the shares is decided based on discussions between the company and the broker/investment dealer who is managing the issue. The major factor to be considered is the marketplace and the price that the market will pay for the shares of the company. Other factors to be considered are:

- a. Economic climate
- b. Past earnings
- c. Projected growth
- d. Type of securities to be issued i.e. common or preference.

5. When do I go public?

Deciding when to go public is crucial. In order to get the desired price, there must be investor interest and suitable industry and economic conditions. Working together with advisors, the company can determine when the conditions are right to make a public offer.

6. How much will it cost?

The precise cost is hard to estimate because each issue is unique. The most significant costs are those for legal, accounting, broker and printing services. There are also TTSE listing fees which will depend on the value of the securities being listed. Most of these costs are up front and may not be covered by an unsuccessful issue.

GOING PUBLIC: LISTING ON THE TTSE

TTSE Member Firms

These firms are registered with the TTSEC and TTSE to perform various services with respect to taking a company public.

<p>AIC Securities Limited 1 Murray Street Port of Spain Telephone: 1-868-623-5961 stockbrokers@aic.com</p> <p>Managing Director: Mrs. Myrnelle Akan</p>	<p>Bourse Brokers Limited 90 Independence Square Port of Spain Telephone: 1-868-623-0415 admin@boursefinancial.com</p> <p>Managing Director: Mr. Subhas Ramkhelawan</p>
<p>CMMB Securities & Asset Management Limited 1 Richmond Street Independence Square Port of Spain Telephone: 1-868-623-4206 info@mycmmb.com</p> <p>Manager: Mr. Leslie St. Louis</p>	<p>Caribbean Stockbrokers Limited 67 Independence Square Port of Spain Telephone: 1-868-624-8178 csl@tstt.net.tt</p> <p>Managing Director: Mr. Alvin Johnson</p>
<p>Republic Securities Limited Corporate Business Centre North Republic Bank Limited 72 Independence Square Port of Spain Telephone: 1-868-622-8581 rsinfo@republictt.com</p> <p>Managing Director: Mr. Godfrey Gosein</p>	<p>Scotia Investments Trinidad Tobago Limited 4th Floor, Scotia Centre 56-58 Richmond street Port of Spain Telephone: 1-868-625-5034</p> <p>Director: Mr. Robert Soverall</p>
<p>West Indies Stockbrokers Limited Sweet Briar Place 8 Sweet Briar Road St. Clair Port of Spain Telephone: 1-868-628-9473 info@wisett.com</p> <p>CEO: Mr. Adrian Manmohan</p>	

GOING PUBLIC: LISTING ON THE TTSE

Contact Us

The Trinidad and Tobago Stock Exchange Limited
10th Floor Nicholas Tower
63-65 Independence Square
Port of Spain

Telephone: 1-868-625-5107-9
1-868-625-7148

Fax: 1-868-623-0089

Website: www.stockex.co.tt
Email: ttstockx@stockex.co.tt