

SERVICE RULES
OF THE
TRINIDAD AND TOBAGO
CENTRAL DEPOSITORY
LIMITED (TTCD)

The Trinidad and Tobago Central Depository Limited

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Rule 1 – GENERAL

Rule 1.1 GENERAL DESCRIPTION

The Rules adopted by TTCD by which each Participant has agreed to be bound pursuant to the Participant Agreement are:

- (a) Rule 1, the General Rules, which apply to each Service made available by TTCD;
- (b) Rule 2, the Depository Service Rules, which apply to the Depository Service;
- (c) Rule 3, the Trade for Trade Settlement Service Rules, which apply to the Trade for Trade Service;
- (d) Rule 4, the Re-organization Service Rules which apply to the Reorganisation Service

Rule 1.2 DEFINITIONS

1.2.1 Definitions

For the purposes of the Legal Documents, unless otherwise specified:

“Account” means an account maintained by TTCD for a Participant for a purpose related to its use of one or more of the Services. An Account may be:

- (a) a “Securities Account” to record Securities held by TTCD for a Participant;
- (b) a “Blocked Account” to record Securities held in the name of a Participant but control of which is exercised by a Person other than such Participant pursuant to Rule 1.19 and the Procedures relating thereto.
- (c) any other type of Account as TTCD in its discretion may determine as being necessary or desirable to provide the Services.

“Act” means **the Securities Industry Act, 1995** as the same may from time to time be amended replaced or reenacted;

“Authorized Individual” has the meaning assigned to that term by **Rule 1.6.2**;

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"Beneficial Owner" means a Person who owns Securities beneficially which are deposited with the TTCD through a trustee, legal representative, agent, Participant or other intermediary, including, if such be the case, the Participant itself in whose name the Securities are deposited.

"Board of Directors" or "Board" means the board of directors of TTCD or, except where expressly excluded, committee of the Board of Directors appointed by the Board of Directors to exercise any of its duties or powers under the Rules;

"Business Day" means every day on which banks are open for business in Trinidad and Tobago unless TTCD notifies Participants otherwise or that some other day is a Business Day;

"Capital" in relation to any Participant means the aggregate of:

- (a) the stated capital account of the Participant for the shares in the capital of the Participant;
and
- (b) the portion of the retained earnings account and of each other account of the Participant that represents or is equivalent to (in accordance with generally accepted accounting principles consistently applied) shareholder equity

as shown in the latest audited financial statements filed with TTCD by the Participant;

"Central Bank" means the Central Bank of Trinidad and Tobago established under the **Central Bank Act Ch. 79:02**;

"Clearing by Account Report" has the meaning assigned to that term by Rule 1.10.5;

"Commission" means the Trinidad and Tobago Securities and Exchange Commission as established under the Act;

"Contingency Fund" has the meaning assigned to that term by **Rule 1.18.1**;

"Custodian" means the Central Bank or other person which satisfies the standards and qualifications established by the Rules for a Custodian and has been accepted by TTCD to perform the functions of a Custodian of Securities for TTCD;

"Debt Security" means a bond, debenture, note, debenture stock or treasury bill or a right to acquire or dispose of any of the same;

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“Depository Service” means the service made available by TTCD and described in **Rule 2** by which TTCD maintains Accounts recording Securities held by TTCD on trust for Participants;

“\$” or “Dollars” means dollars in lawful money of Trinidad and Tobago;

“Financial Institution” means a financial institution as defined in **the Financial Institutions Act, 1993**;

“Foreign Institution” has the meaning assigned to that term by **Rule 1.4.15**;

“Institutional Investor” has the meaning assigned to that term by **Rule 1.4.16**;

“Interested Person” means a Person who has an interest in a Security held by TTCD for a Participant in an account maintained by a Participant;

“Issuer” means a Person that has Securities outstanding or issues, or proposes to issue, a Security to the public including, for the avoidance of doubt, the Government of Trinidad and Tobago or other Government or any agency of a Government;

“Legal Documents” means the Participant Agreement, the agreement which each Issuer has entered into with the TTCD with respect to the Securities of the Issuer held by TTCD, the Rules, the Procedures and the User Guides. ;

“Network Access” means the facility made available by TTCD by which a Participant’s data communications network is linked to TTCD’s data communications network and Services can be accessed by terminals in the Participant’s network;

“Participant” means a Person whose application pursuant to **Rule 1.4.1** to participate in the Services has been accepted by TTCD and which remains or is reinstated as a Participant pursuant to the Rules.;

“Participant Agreement” means the agreement referred to in **Rule 1.4.1** which is entered into upon the acceptance by TTCD of the application for participation made to TTCD by a Participant pursuant to **Rule 1.4** in the form set out.annexed hereto as Appendix I;

“Participant Loss” has the meaning assigned to that term by **Rule 1.16.2**;

“Participant’s Net Settlement Obligation Report” has the meaning assigned to that term by **Rule 1.10.5**;

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"Password" means confidential authentication information (such as log-on identifications, passwords and personal identification numbers) and where appropriate includes personal authentication devices (such as smart cards);

"Person" means an individual, body corporate, trustee, or any other legal entity;

"Pledge" means a Transaction whereby a Security held by TTCD in the name of a Participant is deemed to be charged by the Beneficial Owner of such Security in favour of a third party (including another Participant, TTCD itself or the Issuer) to secure payment of a debt or other obligation and for such purpose is recorded by TTCD in a Blocked Account in the name of such Participant;

"Procedures" means the procedures prescribed by TTCD for any Service pursuant to **Rule 1.11**;

"Registered Owner" means a Person who is registered on the Securities register of an Issuer as the owner of a Security issued by it;

"Regulatory Body", with reference to any Person, means any board, commission, securities or commodities exchange, association or other body, organization or agency, whether governmental, professional, self-regulatory or otherwise, having jurisdiction over that Person or over any part of the business carried on by it;

"Reorganization Event" means any reorganization of the share capital of an Issuer including but not limited to a repurchase, redemption or exchange of Securities or a Take-Over Bid and "Reorganization" has a corresponding meaning.

"Reorganization Service" means the Service made available by TTCD and described in **Rule 4** by which TTCD will assist an Issuer in the distribution of its Securities on a Reorganization Event or a person making an offer for the purchase of all the issued Securities of a class;

"Rule" means one of these Rules, including all numbered divisions thereof, together with any amendments, additions, deletions or revisions thereto as may be in force from time to time;

"Securities Company" means a company registered with the Commission pursuant to Section 60 of the Act.

"Securities Register" means a securities register as defined in the Act;

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“Security” means any of the following, namely;

- (a) a share, stock or a unit or sub-unit of a unit trust;
- (b) a bond, debenture, note, debenture stock or treasury bill; or
- (c) a right to acquire or dispose of any security specified in paragraphs (a) or (b);

“*Security Certificate*” means an instrument issued by or on behalf of an Issuer evidencing a Security;

“*Security Identifier*” means any identifier used by TTCD to identify a particular class, issue or type of Security for purposes of the Services;

“*Services*” means the Depository Service, the Trade for Trade Settlement Service and the Re-organization Service;

“*Settlement*” means the completion through the Services of a Transaction effected by the transfer of Securities on payment, and “Settle”, “Settled” and “Settling” have a corresponding meaning;

“*Settlement Date*” means the date on which any Transaction is to be Settled under these Rules.

“*Signing Officer*” has the meaning assigned to that term by **Rule 1.6.1**

“*Specific Collateral*” has the meaning assigned to that term by **Rule 1.17.2**.

“*TTCD*” means The Trinidad and Tobago Central Depository Limited or any Person who succeeds to the rights and obligations of TTCD with respect to the Services;

“*TTS*” means the Trade for Trade Settlement Service described in **Rule 3**;

“*Take Over Bid*” means an offer made by a Person to shareholders of an Issuer to acquire all the shares of any class of issued shares of the Issuer.

“*Tender*” means a conditional transfer of Securities pursuant to a Reorganization Event.

“*Total Net Settlement Obligation Report*” has the meaning assigned to that term by **Rule 1.10.5**;

“*Transferee Participant*” has the meaning assigned to that term in **Rule 1.10.5**;

“*Transferor Participant*” has the meaning assigned to that term in **Rule 1.10.5**;

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“*Trade*” means a Transaction involving Securities and includes the transfer of Securities to effect a Pledge, or other disposition of Securities;

“*Transaction*” means a transaction effected through the Services and includes a Trade or Pledge, or deposit or withdrawal of Securities

“*User Guide*” means one of the user guides prescribed by TTCD from time to time for a Service pursuant to **Rule 1.11**, and includes the on-line help terminal video displays made available as part of the systems which are accessed in accordance with the User Guides;

1.2.2 Actions by TTCD

A reference in the Rules to any action to be taken by TTCD means to TTCD acting by its proper officers. Action to be taken by TTCD under the Rules may be properly taken by any of its executive officers or other Persons duly authorized by the Board of Directors unless the Rules specify the General Manager, Board of Directors or a committee of the Board.

Rule 1.3 INTERPRETATION

1.3.1 Divisions and Headings

The division of the Rules into sections and subsections and the insertion of headings for the Rules are done for convenience of reference only and shall not affect the construction or interpretation of the Rules.

1.3.2 Number, Gender

A word importing the singular number includes the plural and vice versa and a word importing a gender includes all genders.

1.3.3 Priorities

In the event of any conflict between:

- (a) a Participant Agreement and the Rules, Procedures and User Guides, the Participant Agreement shall have precedence and govern; and

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- (b) the Rules and the Procedures or User Guides, the Rules shall have precedence and govern.

1.3.4 Business Days

Any acts or transactions which TTCD or a Participant is required to do or effect on a day which is not a Business Day may be done or effected on the next day on which TTCD is open for business.

1.3.5 Notice to Participants

Unless a particular method of giving a notice is specified, any notice to be given by TTCD to a Participant under the Participant Agreement or the Rules shall be deemed to have been validly given if delivered in writing, sent by confirmed recorded telecommunication, or sent by electronic mail. Notice given in writing shall be deemed to have been received at the time of delivery, if delivered. Notice given by confirmed recorded telecommunication shall be deemed to have been received when made. Notice given by electronic mail shall be deemed to have been received when transmitted. Each Participant shall provide TTCD with an appropriate address, telephone number, telecopier number and electronic mail address, if available, for purposes of this Rule, and TTCD may rely upon the most recent notification provided by a Participant.

1.3.6 Notice to TTCD

Any notice to be given by a Participant to TTCD under the Participant Agreement or the Rules shall be deemed to have been validly given if delivered in writing to TTCD addressed to the General Manager or Corporate Secretary, or if delivered in writing to the TTCD registered office addressed to the General Manager or Corporate Secretary or if sent by confirmed recorded telecommunication addressed to the General Manager or Corporate Secretary. Notice in writing shall be deemed to have been received at the time of delivery, if delivered. Notice given by confirmed recorded telecommunication shall be deemed to have been received when made. Unless changed by notice from TTCD under this Rule, notice to TTCD shall be sent to:

The Trinidad and Tobago Central Depository Limited

Attention: The General Manager or The Corporate Secretary

First Floor, No. 1 Ajax Street

The Trinidad and Tobago Central Depository Limited

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Wrightson Road, Port of Spain

Trinidad, West Indies

Telephone (868) 627- 1674

Telefax (868) 623-0089

Rule 1.4 ADMISSION OF PARTICIPANTS

1.4.1 Application for Participation

If an applicant is eligible for participation in any one of the categories specified in Rule 1.4.15 and meets the qualifications and standards for participation set by TTCD in accordance with these Rules, it may apply to participate in the TTCD by signing and delivering to TTCD an application for participation in the form annexed and made available by TTCD. The Board of Directors may approve or reject an application in its sole discretion. Upon acceptance of the application, signified by the same being countersigned on behalf of TTCD an applicant for participation shall become a Participant and a member of TTCD and the application shall become the Participant Agreement between TTCD and that Participant.

1.4.2 Board of Directors

A committee of the Board of Directors of TTCD shall not exercise the powers of the Board under this **Rule 1.4.**

1.4.3 Refusal of Application.

TTCD may refuse an application by a Person who does not satisfy the eligibility requirements under **Rules 1.4.15 – 1.4.18.**

1.4.4 Filing of Decision

Where TTCD makes a decision under **Rule 1.4.3** refusing an application of a Person or prohibiting employment by a Participant or imposing conditions on the employment by a Participant of any Person, it

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shall at once file with the Commission a copy of the decision, the reasons therefor and any other information prescribed by the Commission.

1.4.5 Hearing Procedure

TTCD shall, before making a final order refusing an application for Participation, or before prohibiting or imposing conditions on the employment of any Person and before disciplining a Participant or an employee of a Participant (whether through suspension, termination or otherwise), provide a reasonable opportunity for a hearing to the Participant or employee of the Participant or other Person directly affected and TTCD shall give reasonable notice to each such Participant, employee or Person including –

- (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 Participant, employee or Person fails to attend at the hearing, TTCD may proceed without giving him further notice.

1.4.6 Entitlement to Representation

A Person who is entitled to notice of a hearing under **Rule 1.4.5** may be represented by counsel and, subject to rules made by the Commission under **Section 21** of the **Act**, may present evidence and argument and may cross-examine witnesses at the hearing.

1.4.7 Witness' Entitlement

A witness at a hearing under **Rule 1.4.5** may be advised by counsel.

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1.4.8 Admission of Evidence

TTCD 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 recognized scientific or technical fact, information or opinion within its area of expertise.

1.4.9 Transcription of Oral Evidence

TTCD shall make provision for all oral evidence presented at a hearing under **Rule 1.4.5** to be transcribed.

1.4.10 Final Order

TTCD shall –

- (a) make a final order in writing and state the findings of fact on which it is based and the reasons for it; and
- (b) send a copy of the order and reasons to each person entitled to notice under **Rule 1.4.6** and to each person who appeared at the hearing.
- (c) file at once with the Commission a copy of the decision, the reasons therefor and any other information prescribed by the Commission.

1.4.11 Dispute between Participants

Where a dispute involving Transactions in Securities arises between Participants of TTCD, such dispute shall be referred to the Board of TTCD, and the Board shall investigate the dispute, and shall make such order for the resolution of the dispute as it thinks fit. The resolution of such dispute under this **Rule 1.4.11** shall, subject to appeal under **Rule 1.4.13**, be final and binding on the parties.

1.4.12 Duty to Inform Commission

It shall be the duty of each of the parties to the dispute under **Rule 1.4.11** forthwith to inform the Commission in writing of the existence of the dispute and to deliver or cause to be delivered to the other

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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.

1.4.13 Appeal to Commission

Where a Participant is aggrieved by the decision of the Board under **Rule 1.4.11**, the Participant may, within fourteen days of the receipt of such decision, appeal to the Commission.

1.4.14 Postponement

TTCD may postpone acceptance of an application made pursuant to **Rule 1.4.1** until such time as TTCD has adequate personnel, premises, data processing capacity and other operational capabilities to furnish the Services to additional Participants without impairing the ability of TTCD to provide the Services to existing Participants, or otherwise to carry out its functions.

1.4.15 Eligibility for Participation

A Person shall be eligible to be a Participant if it falls into one of the following categories:-

- (a) A Financial Institution which is authorized under **Section 119(1)** of the Act to deliver or transfer Securities held by it into the custody of a clearing agency;
- (b) A Securities Company which carries on the business of trading in Securities on behalf of others on a stock exchange maintained by the Trinidad and Tobago Stock Exchange Limited.
- (c) A clearing agency authorized under the Act to carry out such business;
- (d) A Foreign Institution which means a Person:
 - (i) which is incorporated, established or formed under the laws of a jurisdiction other than Trinidad and Tobago or which is primarily regulated under the laws of a jurisdiction other than Trinidad and Tobago;
 - (ii) which is regulated under the laws of its country of incorporation to the satisfaction of TTCD and the Commission; and

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- (iii) which is a broker or dealer trading in Securities, a bank or savings bank, a trust company, a loan company, an insurance company, a securities clearing agency or depository, a central bank or any other Person trading in Securities;
- (e) An Institutional Investor which means a Person which is incorporated or formed under the laws of Trinidad and Tobago and which is a mutual fund, pension fund, trust fund, unit trust or investment trust;
- (f) A person or class of persons designated by the Commission under Section 39(3)(c);
- (g) A corporation prescribed by the Commission under Section 119(2) of the Act as authorized to deliver or transfer securities held by it into the custody of a clearing agency;

1.4.16 Qualifications for Participation

A Participant must satisfy all of the qualifications set out below for the category to which it belongs and the standards for participation under Rule 1.4.17

- (a) If the Participant is a Financial Institution:
 - (i) it must be in full compliance with all laws pursuant to which such Participant is incorporated, established or formed; and
 - (ii) it must be in full compliance with the Financial Institutions Act;
- (b) If the Participant is a Securities Company:
 - (i) it is registered as a Securities Company under the Act;
 - (ii) it is in full compliance with the Act and any orders made thereunder;
 - (iii) it provides evidence satisfactory to TTCD of its financial stability
 - (iv) it satisfies such other requirements as the Board of Directors in its sole discretion deems appropriate for the protection of TTCD and other Participants

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- (c) If the Participant is an Institutional Investor,:
 - (i) it must be in full compliance with the laws pursuant to which such Participant is incorporated, established or formed;
 - (ii) if a Regulatory Body has jurisdiction over the Participant, the Participant must be duly registered with or licensed by and in full compliance with all rules, regulations, directives or orders of that Regulatory Body;
 - (iii) if a Regulatory body has jurisdiction over the Participant, the Participant and each of its partners, directors, trustees and officers must be in compliance with all applicable regulations, rules, orders or directions of that Regulatory Body, including, without limitation, such minimum capital requirements and financial stability standards as are applicable to the Participant;
 - (iv) it must own, manage, control or have custody of a portfolio of Securities with a minimum market value (as determined to the satisfaction of TTCD) of such amount as the Board of Directors may from time to time determine
 - (v) it provides evidence satisfactory to TTCD of its financial stability;
- (d) If the Participant is a Foreign Institution
 - (i) the Participant must be in full compliance with the laws pursuant to which such Participant is incorporated, established or formed;
 - (ii) if a Regulatory Body has jurisdiction over the Participant, the Participant must be duly registered with or licensed by and in full compliance with all rules, regulations, directives or orders of that Regulatory Body;
 - (iii) if a Regulatory Body has jurisdiction over the Participant, the Participant and each of its partners, directors and officers must be in compliance with all applicable regulations, rules, orders or directions of that Regulatory Body, including, without limitation, such minimum capital requirements and financial stability standards as are applicable to the Participant;

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- (iv) the Participant must own, manage, control, or have custody of a portfolio of Securities of Trinidad and Tobago Issuers with a minimum market value (as determined to the satisfaction of TTCD) of such amount as the Board of Directors may from time to time determine;
 - (v) the Participant shall provide other evidence satisfactory to TTCD of its financial stability; and
 - (vi) the Participant shall satisfy such other requirements as the Board of Directors in its sole discretion deems appropriate for the protection of TTCD and other Participants
- (e) If the Participant is a Clearing Agency it must be in full compliance with the Act.

1.4.17 Standards for Participation

When requested by TTCD, a Participant shall demonstrate to the satisfaction of TTCD that it meets all of the following standards:

- (a) it has the financial ability to meet its obligations to TTCD;
- (b) it has sufficient qualified personnel and adequate physical facilities, communication facilities, security procedures and facilities, data processing capabilities, books, records and procedures to fulfil its anticipated commitments to and the operations requirements of TTCD and other Participants with promptness and accuracy;
- (c) if the Participant accesses a Service by computer terminal, it has and will maintain at its own expense suitable computer equipment for use of the Service, and it accepts responsibility for connecting such equipment to the Service by means approved by TTCD from time to time and for ensuring its continuing compatibility with the Service and its approved means of connection;
- (d) if the Participant uses the Network Access, it has and will maintain at its own expense compatible terminal and computer equipment and communications software as from time to time specified by TTCD for the Network Access and an appropriate physical environment for the proper functioning of the equipment, and it accepts responsibility for connecting such

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equipment by means approved by TTCD from time to time and for ensuring its continuing compatibility;

- (e) all computer equipment and software used by the Participant for the processing of data relating to the Services, and for the exchange of data with TTCD and other Participants, does and will conform with the standards established by TTCD from time to time, and the Participant has implemented appropriate procedures and techniques to ensure the ongoing compliance and conformity with the standards prescribed by TTCD from time to time;
- (f) the Participant shall have and shall continue to maintain in force a policy of insurance, satisfactory to TTCD, covering fraud, dishonesty, negligence or misappropriation of the Participant or any employee of the Participant in at least such minimum amounts and providing at least such coverage as the Board of Directors may from time to time determine; and

1.4.18 Additional Qualifications and Standards

The Board of Directors may set additional qualifications and standards for use of any Service in accordance with the Rules. When required by TTCD, a Participant shall demonstrate to the satisfaction of TTCD that it meets the qualifications and standards for each Service used by the Participant.

1.4.19 Employment by Participant

TTCD may prohibit employment by a Participant in connection with any of the Services or impose conditions on such employment of a Person who has contravened the Act or any legislation regulating any aspect of the Security Industry whether in Trinidad or elsewhere or a rule of a self-regulatory organization registered under the Act or such other legislation

1.4.20 Notice of Change

A Participant shall immediately notify TTCD in writing if it ceases to be eligible for participation, to satisfy any of the standards or qualifications set by TTCD or to meet the requirements of the category into which it has been classified.

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Rule 1.5 SUSPENSION TERMINATION AND OTHER DISCIPLINARY ACTION

1.5.1 *Suspension*

TTCD may, without holding a hearing as set out in **Rule 1.4.5**:

- (a) Suspend
 - (i) a Participant who has been expelled or is under suspension from; or
 - (ii) an employee of a Participant who has been excluded or is under suspension from employment by the Participant by, another self-regulatory organization that is registered under the Act or by an organization having jurisdiction over its or his conduct under another Act;
- (b) Suspend a Participant if TTCD reasonably believes it necessary for the protection of investors, creditors, Participants or TTCD because of financial or operational difficulties of the Participant;
- (c) Suspend a Participant who is in default of the payment of money under these Rules.
- (d) Prohibit or limit access to the Services or any of them furnished by it or its Participants to a person
 - (i) to whom paragraph (a), (b) or (c) applies;
 - (ii) who ceases to be eligible to be a Participant or to satisfy the qualifications and standards set out in the Rules; or
 - (iii) who fails to comply with any proper order, decision or directive given by TTCD pursuant to these Rules; or
 - (iv) where such action is necessary for the protection of investors, creditors, Participants or TTCD.

But in all other instances TTCD shall hold a hearing as required in **Rule 1.4.5**.

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1.5.2 Termination and other disciplinary action

When in its discretion the Board of Directors considers that adequate cause exists, the Board of Directors may terminate a Participant's participation in the Services or fine or censure such Participant. A Participant shall be given an opportunity to be heard by the Board of Directors before its participation is terminated or before any fine is levied or censure given.

1.5.3 Adequate Cause

The occurrence of any one of the following events is adequate cause for terminating or otherwise disciplining a Participant:

- (a) expulsion or suspension from another self-regulatory organization that is registered under the Act or by an organization having jurisdiction over its or his conduct under another Act;
- (b) where the Participant is in default for the payment of money under these Rules;
- (c) where TTCD is satisfied that the Participant has ceased to be eligible or qualified to be a Participant under the Rules;
- (d) breach of any of the Rules, User Guides or Procedures of TTCD or of any provisions of the Act by the Participant or any employee, Director or officer of a Participant.
- (e) failure by any Participant to comply with any proper order, decision or directive given by TTCD pursuant to these Rules.
- (f) such other event as TTCD may reasonably determine for the protection of investors, creditors, Participants or TTCD relating to financial or operational difficulties of the Participant;

1.5.4 Opportunity for Hearing

When TTCD acts in accordance with **Rule 1.5.1** it shall provide an opportunity for a hearing as set out in **Rule 1.4.5** within 15 days of its decision and the suspension, prohibition or limitation shall remain in effect until the hearing is completed.

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1.5.5 Conduct of Hearing

The conduct of a hearing in relation to the suspension or termination of a Participant or other disciplinary action against a Participant shall follow the procedure set out in **Rule 1.4.5**.

1.5.6 Settlement of Trades on Suspension or Termination

Notice of suspension or termination specifying the cause therefor shall be given by TTCD promptly to the suspended or terminated Participant, and as soon as practicable to such other Participants as TTCD deems proper. TTCD shall determine in its discretion what actions shall be taken in respect of Trades of a suspended or terminated Participant which have not been Settled. Any notice given pursuant to this Rule shall state in general terms how it proposes that Trades which have not been Settled will be dealt with. In order to limit disruption to the Services and losses to TTCD and to other Participants, TTCD may take any actions that, on the evidence available to it, it deems necessary or desirable in the best interests of TTCD and of Participants generally to maintain the integrity of the Services, and in so doing may take any action in its discretion with respect to Trades which have not been Settled or Securities held for, and money owing to or from, such suspended or terminated Participant. Any actions taken by TTCD for such purposes may be taken regardless of any provision in any other Rule, Procedure or User Guide. Notwithstanding any actions taken by TTCD, the Participants concerned shall have responsibility for the completion, in compliance with any direction given by TTCD under the Rules, of Trades which have not been Settled.

1.5.7 Withdrawal by Participant

A Participant may at any time notify TTCD that it wishes to withdraw from participation in TTCD, by 30 days' prior written notice. On the expiry of such notice period, the Participant shall cease to be a Participant in TTCD. TTCD shall promptly give notice to other Participants that the Participant has given notice of its intention to withdraw from participation in TTCD.

Following such notice TTCD may take any action it deems necessary or desirable in the best interests of TTCD and of Participants generally with respect to such withdrawal to maintain the integrity of the Services, and in so doing may take any action in its discretion with respect to Trades which have not been or may not

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be Settled or Securities held for, and money owing to or from such Participant on its withdrawal. Any actions taken by TTCD for such purposes may be taken regardless of any provision in any other Rule, Procedure or User Guide. Notwithstanding any actions taken by TTCD, the Participants concerned shall have responsibility for the completion, in compliance with any direction given by TTCD under the Rules, of Trades which have not been Settled

1.5.8 Survival of Obligations

The liabilities and obligations of a Participant to TTCD and to other Participants, and of TTCD and other Participants to the Participant, arising from its use of any Service or pursuant to the Legal Documents, shall survive the suspension, termination or withdrawal of the Participant as though the former Participant were still a Participant.

Rule 1.6 AUTHORIZATIONS AND ACCESS

1.6.1 Signing Officers

Each Participant shall file with TTCD a designation in writing in a form approved by TTCD signed by two (2) directors where the Participant is a Company or by such other Person or Persons as TTCD may direct in any other case of the name, office and specimen signature of each individual (a "Signing Officer") who is authorized and empowered to act on behalf of the Participant for all purposes of the Services. A replacement or amending designation signed as aforesaid shall be filed with TTCD upon the appointment of another individual or revocation of any appointment as a Signing Officer of the Participant. TTCD shall promptly acknowledge in writing the filing of a replacement or amending designation. TTCD shall be entitled to rely upon each designation of a Signing Officer until a replacement or amending designation has been filed by the Participant with TTCD and duly acknowledged in writing. Each Signing Officer of the Participant is authorized and empowered to act on behalf of the Participant and the Participant shall be bound by any documents signed by a Signing Officer.

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1.6.2 Authorized Individuals

Each Participant shall file with TTCD an authorization in writing in a form approved by TTCD and signed by a Signing Officer setting out the name and verifying the specimen signature of each individual (an "Authorized Individual") who is authorized to act on behalf of the Participant in respect of any Service as set out in such authorization. The authorization may include authority to take delivery of and to sign receipts for Securities, cheques, money, other forms of payment and notices, other documents required to be delivered in connection with the participation of the Participant in any Service and to access computer processing activities whether by the assignment of a password or otherwise. All forms required by TTCD relating to Authorized Individuals, including forms notifying TTCD of any change in the information in forms previously delivered to TTCD, shall be signed and filed by a Signing Officer.

1.6.3 Access to Premises

Each Participant shall observe all Procedures concerning access to TTCD. Each Participant shall cause its employees and Authorized Individuals to observe at all times the Procedures with regard to credentials to be shown by an individual requiring admission to TTCD. A Signing Officer shall sign on behalf of a Participant any documents required to appoint an individual authorized to have such access.

1.6.4 Security

In the operation of the Services, TTCD shall maintain reasonable security precautions with respect to its employees. Each Participant shall be responsible for maintaining appropriate security precautions, using no less degree of care as the Participant uses or should use for its own similar security procedures, with respect to its Signing Officers and Authorized Individuals. Such precautions shall include without limitation the obligation to file immediately with TTCD notice of any change in the individuals appointed to such positions, to maintain appropriate control of all credentials and to maintain appropriate controls with respect to Passwords. Upon revocation of an authorization for a Signing Officer or Authorized Individual, a Participant shall immediately give notice to TTCD as set out in the Procedures and User Guides. Each individual appointed by a Participant to act as its Signing Officer or Authorized Individual shall be an employee of the Participant, and shall not be the employee of another Participant or of any customer of the Participant.

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1.6.5 Security for Network Access

In addition to the responsibilities of each Participant set out in **Rule 1.6.4**, each Participant which makes use of the Network Access shall:

- (a) ensure that its own network has dial access or switched component which is authorized to access TTCD's data communications network;
- (b) ensure that each individual who has access to the Participant's terminals or other equipment which may be used in the Network Access is confidentially identified by appropriate Passwords in accordance with the Procedures;
- (c) restrict the use of any of its terminals and other equipment with Network Access, and mandate Password protocol for all individuals with access to such equipment, in accordance with the Procedures;
- (d) designate a data security officer in accordance with the Procedures; and
- (e) cause its external or internal auditor to confirm in writing to TTCD, from time to time at TTCD's request, that the Participant and the individuals using the Network Access are in compliance with the security requirements set out in this **Rule 1.6.5**.

1.6.6 Action by a Participant

Each Participant shall be bound by any document signed by or authorizations or instructions given either through the Network Access or by any of its Signing Officers or Authorized Individuals. TTCD shall be entitled to rely on, and a Participant shall be bound by a written instruction or telecopied communication by any Signing Officer or Authorized Individual of such Participant.

TTCD shall not be required to check the source of a telecopied communication. TTCD may accept and rely upon any instructions so given by any medium, including manually, telecopied wire transmission, physical delivery, delivery by means of magnetic tape or other medium or similar facility or delivery through the Network Access. TTCD shall have no responsibility or liability for any action taken in good faith in reliance upon, and a Participant shall be bound by, an instruction given or purporting to be given notwithstanding any error which may occur in the course of transmission or recording of an instruction, any error which may exist

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in any magnetic tape document or any other medium delivered to TTCD, any forgery or fraud by a Signing Officer or Authorized Individual or any individual (other than an employee of TTCD) purporting to be such a Signing Officer or Authorized Individual.

1.6.7 Access by non-Participants

Without specific prior approval of the Board of Directors, TTCD shall not provide access to its Services directly to Persons who are not Participants otherwise than as specifically provided in these Rules.

Rule 1.7 ACTION BY TTCD

1.7.1 Actions under Rules

Except where an action by the Board of Directors is specifically required by the Rules, TTCD may take any action referred to in the Rules by any one of its officers, or by any Person designated from time to time by the Board of Directors or by any officer of TTCD. Upon request by a Participant, TTCD shall provide a certified copy of any resolution of the Board of Directors relating to an action taken under the Rules which affects the Participant.

1.7.2 TTCD Personnel

TTCD shall from time to time inform Participants in writing of the Persons designated to perform specified functions under the Legal Documents, and of any changes in the designation of such Persons.

Rule 1.8 OPERATION OF THE SERVICES

1.8.1 Input

Instructions and reports may be given by TTCD to Participants and by Participants to TTCD by any means made available by TTCD for a Service.

1.8.2 Input Cut-Off

The Procedures and User Guides shall set out the times on each Business Day at which the input of instructions or certain types of instructions for a Service by Participants shall cease. TTCD may continue to

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make entries to Accounts to effect Settlements or otherwise to process information after the input of instructions by Participants has ceased.

1.8.3 Global Access

Using TTCD Passwords, TTCD may inquire into any on-line record maintained by a Participant for the Services. On the direction of a Participant given in the circumstances set out in the Procedures and User Guides, TTCD may input any instruction on behalf of the Participant by using TTCD Passwords.

1.8.4 Deletion of Trade

At any time prior to Settlement, TTCD may delete a particular Trade from any Service if, on the evidence reasonably available to TTCD, TTCD considers such action necessary or desirable in the best interests of TTCD and of Participants generally or to maintain the integrity of the Services. If a Participant fails to make payment of the net balance owing by it in respect of a Trade, or if a Participant is suspended or terminated, then, in addition to the powers conferred on it by these Rules, TTCD may delete from the Services any or all Trades by that Participant which have not Settled. The deletion prior to Settlement of a Trade from any Service does not affect any rights or obligations between the Participants which are parties to that Trade.

1.8.5 Termination of the Services

TTCD intends to offer the Services indefinitely but may suspend or terminate the operation of any Service. TTCD shall notify Participants promptly in writing of any suspension or termination of any Service.

Rule 1.9 RECORDS AND REPORTS

1.9.1 Keeping of Records

TTCD shall-

- (a) make and keep such reports 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

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- (c) disseminate to the public a report referred to in **Rule 1.9.1(b)**,

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

1.9.2 Inspection of Records

TTCD shall-

- (a) produce and furnish to a person authorized in writing by the Commission to inspect the records of TTCD or to examine the financial affairs of TTCD or any of its Participants a copy of any record referred to in **Rule 1.9.1** or any other record that he reasonably requests; and
- (b) answer any question such person may ask concerning those records.

1.9.3 Reports

Reports provided by TTCD to Participants may be divided by type of transaction and class of Securities and shall be in the format and contain such information as may be prescribed in the Procedures and User Guides. Each Participant has a duty to review all information provided by TTCD for errors and omissions.

1.9.4 Verification of Reports

Participants must verify those reports provided by TTCD as specified in the Rules, Procedures or User Guides. A Participant is deemed to have accepted the accuracy of such a report unless the Participant gives notice of any discrepancy to TTCD within the time period specified with respect to that report.

1.9.5 Verification of Securities Balances

On each day after a receipt of written instructions with respect to a Trade which day is also a Business Day, TTCD shall make available to each Participant one or more Account balance detail reports showing the Securities balances in the Participant's Accounts. Each Participant shall review each report and verify the report to its own records. A Participant shall be deemed to have accepted the accuracy of the Account balance detail report unless the Participant gives notice of any discrepancy to TTCD before the end of the next Business Day after the day on which the report is made available.

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1.9.6 Participant Records

Each Participant shall conform its records to TTCD's records to reflect the entries made by TTCD in the records maintained by TTCD for the Services including the deposit and withdrawal of Securities in TTCD, the transfer of Securities and payments to or by the Participant effected when a Trade is completed by the making of a Settlement through the Services. If there is any discrepancy between the records of TTCD and the records of a Participant, TTCD's records are deemed to be correct and prevail, in the absence of manifest error.

1.9.7 Record Correction

Where by reason of its error TTCD makes an incorrect entry in its records transferring any particular class of Securities to a Participant's Account TTCD may correct or adjust that incorrect entry in any record maintained by TTCD to the extent that there are Securities of that class in the Account. TTCD shall immediately notify the affected Participant that a correcting entry has been made. TTCD shall notify the affected Participant of its reasons for making such entry; action may be taken by TTCD under this Rule even after the expiry of the time for verification of records pursuant to **Rules 1.9.4 and 1.9.5**.

Where an entry is alleged to have been incorrectly made or retained in or omitted or deleted from the records of TTCD other than in the circumstances outlined above, TTCD or an Interested Person may apply to the court for an order that the records be rectified.

1.9.8 Participant's accounts

Each Participant shall deliver to TTCD a copy of its audited financial statements within three (3) months of the end of every financial year.

1.9.9 TTCD's Securities Accounts

TTCD shall maintain such Accounts as are necessary to be able to ascertain the location of all Securities and Security Certificates delivered to it and in particular from the time of delivery of executed transfers and Security Certificates to it under **Rule 2.2.2**.

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1.9.10 Reports of Securities Balances to Beneficial Owners

Where any Transactions have occurred in any calendar month in a Participant's Account with respect to Securities held by that Participant for a Beneficial Owner TTCD shall send to that Beneficial Owner at the end of that month a statement outlining the Transactions which have occurred and the balance of Securities held by that Participant on behalf of the Beneficial Owner. TTCD shall also send to a Beneficial Owner at the end of March, June, September and December of each year a statement showing the balance of Securities held by his Participant on his behalf. TTCD shall also on the request of a Beneficial Owner which is received through its Participant at any time on payment by the Beneficial Owner of the fee prescribed, send to such Beneficial Owner a statement showing the outstanding balance of Securities held by TTCD in the Participant's Account with respect to that Beneficial Owner.

Rule 1.10 PAYMENT

1.10.1 Establishment of letter of credit and account

In order to effect payment of any sums which may be owed by a Participant either to TTCD or to another Participant under these Rules each Participant shall:

- (i) establish a letter of credit ("**Letter of Credit**");
- (ii) establish an account ("**Payment Account**")

in both cases with a commercial bank registered under **the Financial Institutions Act, 1993 ("the Participant's Commercial Bank")**. Each Participant shall provide TTCD with the name of its Participant's Commercial Bank, the Payment Account number, and the name of a contact person at that bank who is authorized to receive documents in relation to the payments to be made by a Participant from funds in the Payment Account.

1.10.2 Letter of Credit

The Letter of Credit shall be an irrevocable stand-by letter of credit in a form satisfactory to TTCD and maintained in an amount specified by TTCD from time to time which shall be expressed to be payable on the presentation of a written demand of payment by TTCD accompanied by a certificate from TTCD that the Participant has failed to honour, in whole or in part, any of its obligations with respect to payments to be

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made to TTCD or another Participant under these Rules. Each Participant shall ensure that the Letter of Credit is replenished after every drawdown to the full amount specified by TTCD.

1.10.3 Submission of agreements

Each Participant shall send to the TTCD a copy of all agreements with its Participant's Commercial Banks preparatory or pursuant to the establishment of the Payment Account and the Letter of Credit and all amendments or terminations thereof.

1.10.4 Reserve Account

Each Participant's Commercial Bank with which a Participant has established a Letter of Credit and a Payment Account pursuant to Rule 1.10.1 shall settle all Transactions and effect the payment of obligations owed by such Participant to TTCD or another Participant and the receipt of payments due to such Participant through the Reserve Account which that Participant's Commercial Bank maintains with the Central Bank (in relation to each such Bank "the Reserve Account").

1.10.5 Reports

TTCD shall by 9.00 a.m. on the day after receipt of instructions with respect to a Transaction falling under Rule 3.1.2 from a Participant entitled to give such instructions under these Rules ("the Transferor Participant") deliver one (1) copy of each of the following Reports:

- (i) to the Transferor Participant a report showing:-
 - (a) the name of such Participant;
 - (b) the Securities to be transferred;
 - (c) the Settlement Date;
 - (d) the amount if any to be paid to the Transferor Participant by the Transferee Participant with respect to the transaction;
 - (e) the net position of that Participant as of the date of the Report with respect to the Securities the subject of the transaction;

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(f) the name of the Participant (if different from the Transferor Participant) into the Account of whom the Securities are to be transferred (the "Transferee Participant")

and such other information as TTCD may determine from time to time;

(ii) to the Transferee Participant, if any, a report showing the name of the Transferee Participant and all other information as set out in paragraphs (a) to (e) of sub-paragraph (i) above;

and such other information as TTCD may determine from time to time.

(Which reports under (i) and (ii) above are known as ("**Clearing by Account Reports**").

TTCD shall also on each day send to the relevant Participant's Commercial Bank two (2) copies of a report showing the amounts payable by or to a Participant in respect to instructions delivered to TTCD with respect to all Transactions on the previous trading day by such Participant ("**Participant's Net Settlement Obligation Report**"). TTCD shall also send to the Central Bank two (2) copies of a report showing the names of the Participant's Commercial Banks setting out such banks' net to pay and net to receive positions ("**Total Net Settlement Obligation Report**").

1.10.6 Settlement of Transactions

All obligations of a Participant towards other Participants or the TTCD with respect to Transactions shall be settled by transfers by the Participant's Commercial Bank through its Reserve Account in accordance with the Procedures no later than the Settlement Date. Where any Participant's Commercial Bank does not settle such Participant's obligations through its Reserve Account in accordance with the Procedures by the Settlement Date the TTCD shall be entitled to draw on the Letter of Credit in accordance with **Rule 1.10.2** above or take such other steps as may be available to it for the Settlement of the Transaction.

1.10.7 Finality of Payment

The obligations of a Participant to TTCD or another Participant shall remain outstanding until TTCD receives evidence from the Central Bank of final, unconditional and irrevocable payment.

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Rule 1.11 PROCEDURES AND USER GUIDES

1.11.1 Distribution of Procedures and User Guides

TTCD shall prescribe Procedures for each Service, or User Guides in addition to or in place of Procedures. The Procedures and User Guides contain detailed instructions for using the Services. TTCD shall make available to each Participant a copy of the Procedures and User Guides which are in effect for the Service applicable to the category in which the Participant has been classified. Upon request, TTCD shall make available to any Participant a copy of the Procedures and User Guides for any Service or applicable to any category of Participants.

1.11.2 Procedures Committee

The Board of Directors shall establish and maintain a procedures committee which shall propose, review and approve new and revised Procedures and User Guides for each Service before implementation of such Procedures and User Guides. Notwithstanding the foregoing, TTCD shall have the authority to prescribe new or revised Procedures or User Guides from time to time without the approval of the procedures committee, provided that an officer of TTCD certifies to the committee that the new or revised Procedures or User Guides (i) are required in order to respond to an emergency situation, or (ii) are of a routine or housekeeping nature and will have no material impact on Participants. Such new or revised Procedures or User Guides will then be referred to the procedures committee for subsequent review and revision as may be necessary.

1.11.3 Amendment of Procedures and User Guides

TTCD may from time to time prescribe new or revised Procedures or User Guides for a Service by giving notice in writing to the Participants making use of the Service and classified in a category affected by such amendment. The notice shall specify the effective date of the amendment. The effective date of the amendment shall be not less than 10 days after the date such notice is given by TTCD, provided that if the amendment is required in order to respond to an emergency situation, the 10 day notice period may be abridged or dispensed with.

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Rule 1.12 AMENDMENT OF RULES

1.12.1 Review Period

TTCD shall give notice in writing to each Participant of any proposed amendment to the Rules. TTCD shall provide Participants with a period of not less than 30 days within which to review the proposed amendment and to advise TTCD of their comments in writing. If the Board of Directors determines that circumstances require prompt or immediate action, the Board of Directors may specify a shorter period of time or dispense with the review period entirely.

1.12.2 Procedure on Proposed Amendment

After the review period, the proposed amendment shall be submitted to the Commission together with a concise statement of the substance and purpose of the proposed amendment.

1.12.3 Order of Approval or Refusal

The Commission may make an order approving or refusing a proposed amendment to the Rules, and if the proposed amendment is approved it shall be notified to Participants promptly.

1.12.4 Effective Date of Amendment

When the proposed amended rules are approved by the Commission, the Board of Directors shall specify the date upon which the proposed amendment shall become effective. The effective date shall be not less than 10 days following the day on which TTCD gives notice in writing to Participants of the amendment approved by the Commission. Where the Commission makes an order under **Section 41** of the **Act** requiring a change in the Rules the effective date of that change shall be the date set out in the order requiring the change and where no effective date is set out in that order the Board of Directors shall specify such date, being not less than 10 days following the date of the order.

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Rule 1.13 FEES AND CHARGES

1.13.1 Restriction on Imposition of Fees Schedule

TTCD shall not require its Participants to comply with a schedule of commissions or other fees for their services or limit in any way a Participant's income, but nothing shall prevent TTCD from issuing, from time to time, a notice to its Participants indicating what, in its opinion, is the market price, fee or rate charged or chargeable for any service.

1.13.2 Entrance Fees

The Board of Directors shall from time to time establish entrance fees to be paid by an applicant whose application to become a Participant, has been approved by TTCD. The entrance fees may be expressed as a fixed amount or calculated pursuant to a formula based upon the Capital or assets of the applicant and may be subject to minimum or maximum limits and may vary for each category of Participant. TTCD shall not be obligated to consider an application until it has received payment of the applicant's entrance fees. If an application is rejected, TTCD shall refund the entrance fees. If an application is accepted, TTCD shall not refund the entrance fees for any reason, including the suspension, termination or withdrawal of the Participant.

1.13.3 User Fees

TTCD shall charge and the Participants shall pay fees for the use of each Service as determined by TTCD from time to time which may vary for each category of Participant. A schedule of fees shall be included in the Procedures or User Guides for each Service, or otherwise notified by TTCD to the Participants in that Service. The fees may include fees payable on the failure to comply with the Legal Documents. The fees may be revised from time to time by TTCD. TTCD shall notify Participants in writing of any increase in fees not less than 60 days prior to the implementation of such increase. The Board of Directors may specify a shorter notice period or may implement the revised fees immediately or retroactively.

1.13.4 Taxes and Charges for Unusual Expenses

A Participant may be charged by TTCD for any unusual expense caused directly by the Participant its servants or agents. Without limiting the generality of the foregoing, such expenses include the cost of

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producing records pursuant to an order or other legal process in any litigation or legal or regulatory proceeding or investigation. A Participant shall also pay any taxes and other governmental charges levied or imposed on the Participant in respect of the Services, entrance fees, user fees and charges.

Rule 1.14 CONFIDENTIALITY

1.14.1 Confidentiality

Subject to **Rule 1.14.2** TTCD shall use reasonable care to preserve the confidentiality of any information concerning a Participant which becomes known to TTCD through the operation of any Service. Such confidentiality obligation shall not apply to any information which is or becomes generally available to the public, otherwise than as a result of the breach of this Rule. Such confidentiality obligation shall not preclude the disclosure of confidential information to any of TTCD's officers, directors, employees or agents which is reasonably necessary for the operation of the Services. The obligations of TTCD pursuant to this Rule shall be in addition to and shall not derogate from any other obligation of confidentiality arising from any agreement binding on TTCD.

1.14.2 Release of Information

Each Participant authorizes TTCD to release any information concerning the Participant:

- a) to the auditors of TTCD, of the Participant and of other Participants, as may reasonably be required to perform their duties;
- b) to the legal counsel of TTCD as may reasonably be required to perform their duties;
- c) requested by the Issuer of Securities held for the Participant or by any other Person, if such information is limited to information with respect to the Securities held for the Participant and is sought for a purpose concerning an effort to influence the voting by Security holders of the Issuer, an offer to acquire Securities of the Issuer or any other matter relating to either the affairs of the Issuer or Transactions in the Securities of the Issuer effected by the Participant;
- d) as may be required from time to time by order, summons, subpoena, statutory direction or other process of, or pursuant to an agreement with, a court, Regulatory Body or other administrative or regulatory agency, having, in the opinion of TTCD, jurisdiction over TTCD;

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- e) pursuant to any statutory or regulatory requirement and in particular and without prejudice to the generality of the foregoing, as required by **Section 114 of the Act**;
- f) to any securities exchange, securities depository, securities clearing agency, payment clearing system or self-regulatory organization of which the Participant is a participant or the services of which the Participant uses in connection with its participation in TTCD, or to any insurer of the Participant; and
- g) which is in a statistical, summary or other format provided the information in such format does not specifically identify a particular Participant.

Subject to the requirements of the Act, TTCD shall take all reasonable steps to avoid releasing any information which may identify a particular client or customer of a Participant. When TTCD is required pursuant to subsection (d) to disclose confidential information concerning a Participant which is directed exclusively to the activities of a particular Participant, TTCD shall advise the Participant of the request before making the disclosure unless the terms of any applicable statute, regulation, ruling or order prohibit such notice. When TTCD releases confidential information pursuant to subsection (f), TTCD shall secure the agreement of the recipient to treat such information as confidential.

Rule 1.15 PARTICIPANT REPRESENTATIONS, INDEMNITY AND LIABILITY

1.15.1 Representations and Warranties of Participants

The instructions given by a Participant to TTCD to effect a deposit, withdrawal, transfer or Pledge of a Security or any other Transaction constitute the representation and warranty of the Participant to TTCD that the Participant has full power, right and authority to make the deposit, withdrawal, transfer, Pledge or other Transaction in accordance with its instructions. Any instruction given by the Participant to TTCD for the transfer of Securities in respect of a Trade, or to take any steps as the holder of Securities held for the Participant (including any steps referred to in **Rule 4.5**), constitutes the representation and warranty of the Participant to TTCD that the Participant has and will continue to maintain a balance in its Securities Account sufficient to support all transactions specified in such instruction.

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1.15.2 Indemnity by Participant

Each Participant shall indemnify and hold harmless TTCD, and all other Participants, and their respective partners, directors, trustees, officers, employees and agents, from and against any loss, damage, cost, expense, liability or claim (including without limitation legal costs to advise on or defend against such claims) suffered or incurred by or made against it, them or any of them arising from:

- (a) any interruption, malfunction or disruption of any Service to the extent caused or contributed to by any negligent, reckless, willful, fraudulent or dishonest act or omission of the Participant or of any director, trustee, officer, partner, employee, servant, contractor or agent of the Participant done while acting in the course of such office or employment or made possible by information or opportunities afforded by such office or employment;
- (b) any incorrect information or documentation (whether concerning a Security, a deposit or transfer of a Security, a Trade or otherwise) provided to TTCD by the Participant and whether provided by telephone, telex, telecopier, on-line terminal communication, hard copy document, or other means of communication;
- (c) the fact that Securities in the Participant's Account are held or registered in the name of TTCD or a Custodian including but not limited to calls, assessments, taxes (except taxes measured by the income of TTCD or the Custodian) and other governmental charges and any other expenses related to the ownership of the Securities, but only to the extent the expenses are incurred, imposed or charged in respect of a time, event or period when the Securities are held for the Participant;
- (d) any determination that the registration of any Security in the name of TTCD or a Custodian, is or would be invalid, improper, defective, subject to any adverse claim or privilege or that such Security cannot be effectively and rightfully transferred;
- (e) the reliance on or use by TTCD, of any declaration provided by the Participant under **Rule 2.5.2**;
- (f) the failure of the Participant to provide or cause to be provided a declaration as required under **Rule 2.5.2**;

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- (g) the purchase, sale, redemption or cancellation of Securities by the Issuer as the result of the information contained in a declaration provided by the Participant under **Rule 2.5.2**; or
- (h) any breach by the Participant of its obligations, representations or warranties to TTCD.

1.15.3 Liability as Principal

A Participant which utilizes any Service shall be liable as principal for all obligations incurred with respect to such Service, whether the Participant is acting on its own behalf or on behalf of another Person. In no event shall TTCD be liable to any Person other than a Participant with respect to the operation of the Services (including without limitation any client or customer of the Participant, any Person on whose behalf the Participant was acting in any capacity, or any other Person claiming through or against such Persons).

In this **Rule 1.15.3**, TTCD, and its directors, officers, employees, and partners are referred to as the indemnified persons, and any loss, damage, cost, expense, liability or claim (including without limitation the cost of legal counsel to advise on or defend against such claims) suffered or incurred by or made against any indemnified person is referred to as an indemnified claim. Each Participant shall indemnify and hold harmless each indemnified person from and against any indemnified claim made against such indemnified Person by any Person if the indemnified claim relates to (i) Securities held by TTCD for the Participant or (ii) any action taken or omitted by TTCD with respect to Securities held for the Participant at the time such action is taken or omitted.

TTCD shall give to the Participant written notice of any matter in which an indemnified person may require an indemnity from the Participant pursuant to this **Rule 1.15.3**, and shall explain to the Participant how the indemnified claim is related to the Participant's obligation to indemnify. The indemnified person and the Participant shall co-operate fully with one another in the investigation, negotiation, settlement or defence of the indemnified claim. TTCD shall give the Participant an opportunity to contest the indemnified claim at the Participant's own expense provided that the Participant gives assurance (acceptable to TTCD in its sole discretion) of payment of any loss, damage, cost, expense, liability, award or claim which might be incurred by TTCD as a result of such proceeding.

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The Participant providing the indemnity shall have conduct of the litigation through attorneys at law approved by TTCD, provided that TTCD may choose at its own expense to be represented by its own attorneys at law in such proceedings or to assume the conduct of the litigation. The Participant or TTCD shall inform one another if either receives or proposes to make an offer of settlement with respect to an indemnified claim.

If the Participant proposes to make or accept any settlement of an indemnified claim, it shall notify TTCD and TTCD shall either agree to accept the settlement or shall direct that the proceeding continue, in which event TTCD shall not seek any indemnity from the Participant for the amount by which any final settlement or award exceeds the settlement amount proposed by the Participant.

Rule 1.16 TTCD INSURANCE, LIABILITY AND INDEMNITY

1.16.1 Insurance

TTCD shall maintain insurance in the amounts and providing the coverage determined by the Board of Directors. The insurance policies or contracts pursuant to which such insurance is provided shall be open to inspection by any Participant at the registered office of TTCD during normal office hours on any day which is a Business Day at the location of the registered office. If there is a reduction in the amount or coverage of the insurance which TTCD considers material, TTCD shall notify Participants in writing of the reduction.

1.16.2 TTCD Liability for Participant Loss

Subject to these Rules TTCD shall be liable to its Participants for any Participant Loss. A "Participant Loss" means any loss, damage, cost, expense, liability or claim suffered or incurred by a Participant which arises from or is in any way connected with a Service, including a loss arising from the inability of TTCD to effect a transfer or withdrawal of Securities.

Notwithstanding the above TTCD shall not be liable to a Participant for any Participant Loss:-

- (a) arising from the inability of TTCD to effect a Pledge or transfer of a Security on its records because of an extraordinary event to the extent that it took reasonable corrective action;

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- (b) in respect of which the Participant is required to make indemnification pursuant to **Rule 1.15.2**;
- (c) in respect of which TTCD is otherwise excluded from liability under these Rules; or
- (d) arising from any action taken by TTCD in accordance with a lawful direction given by the Commission or any other regulatory body having jurisdiction over TTCD.

1.16.3 Limitation on TTCD Liability

TTCD shall not be liable to any Participant for any loss of opportunity, profit, market, goodwill, interest or use of money or Securities, or any other special, indirect or consequential loss, damage, cost, expense, liability or claim suffered or incurred by any Participant arising from any Service

1.16.4 Exclusion of Liability

A director, officer, employee or agent of TTCD shall have no personal liability to a Participant for any act or omission in relation to the Services other than liability for a fraudulent act of the individual concerned; the foregoing exclusion of individuals' personal liability shall not affect TTCD's liability for Participant Losses pursuant to **Rule 1.16.2**.

1.16.5 Limitation of Participant Recovery

The total amount payable by TTCD to all Participants for all loss, damage, cost, expense, liability or claim suffered or incurred by or made against them or any of them arising from a Participant Loss shall be the net amount recovered by TTCD from its insurers or any other Person in respect of the Participant Loss. In the event of a Participant Loss, TTCD shall make a claim under any applicable policy of insurance and against any Person responsible for the Participant Loss, if TTCD considers it commercially reasonable to make such a claim. If more than one Participant is affected by a Participant Loss the amount recovered by TTCD shall be pro-rated so that the amount payable to a single Participant shall be in the same proportion to the total amount payable to all Participants that the amount of the Participant Loss suffered by that Participant is to the total amount of the loss suffered by all Participants. The amount payable by TTCD for any Participant Loss shall be limited to the amount payable pursuant to this **Rule 1.16.5** and shall not be exceeded in any

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circumstances or for any reason whatsoever, including, without limitation, the event or cause giving rise to the Participant Loss, as for example, a Participant Loss arising from or in any way connected with a breach (including a fundamental breach) of the Legal Documents or a Participant Loss arising from or in any way connected with any negligent or reckless act or omission of TTCD or any fraudulent, negligent, reckless or willful act or omission of any director, officer, employee, agent or contractor of TTCD, whether or not the possibility of such Participant Loss was disclosed to or reasonably could have been foreseen by TTCD.

1.16.6 Payment from Reserves

If the payment made by TTCD to Participants pursuant to **Rule 1.16.5** is less than the total Participant Loss suffered by Participants for any one such loss, then the Board of Directors in its absolute discretion may elect to make good the Participant Loss. The Board of Directors shall make such determination taking into consideration the best interests of TTCD and of all Participants, and the need to preserve the integrity of all the Services. If more than one Participant is affected by a Participant Loss, the net amount allocated by TTCD pursuant to this Rule shall be allocated to each Participant in the same proportion as the payment made pursuant to **Rule 1.16.5**.

Rule 1.17 SECURITY INTERESTS

1.17.1 Specific Security Interests

TTCD on behalf of itself and all other Participants shall have a lien over the Specific Collateral of each Participant to secure the due payment or performance of obligations to TTCD or other Participants. The lien created by this **Rule 1.17.1** shall survive the suspension, termination or withdrawal of any Participant.

1.17.2 Specific Collateral

The term "Specific Collateral" means Securities held by TTCD for a Participant which is the Beneficial Owner of such Securities.

1.17.3 Sale of Specific Collateral

Upon default by the Participant in a payment or performance of an obligation to TTCD or other Participant under the Rules TTCD may sell the Specific Collateral for such price and upon such terms as it deems best.

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1.17.4 Notice

TTCD shall give seven (7) days notice to a Participant of any exercise of its right of sale under this Rule and unless the Participant notifies TTCD within two (2) days of such notice that such Securities are Beneficially Owned by a third party TTCD shall be entitled to presume that such Participant is itself the Beneficial Owner thereof.

Rule 1.18 CONTINGENCY FUND

1.18.1 Establishment of Contingency Fund

The Board of Directors shall establish a fund ("Contingency Fund") with respect to the Services to satisfy financial losses sustained by clients of Participants arising from a Service caused by the insolvency, bankruptcy or default of any Participant in accordance with any Regulations or By-laws under the Act relating to such Fund from time to time in force. A committee of the Board of Directors of TTCD shall not exercise the powers of the Board under this **Rule 1.18**.

Rule 1.19 BLOCKED ACCOUNTS.

1.19.1 Creation of Blocked Accounts.

Securities held in the TTCD shall be transferred to a Blocked Account or an Account may become a Blocked Account in the following circumstances (and whether or not the Securities are already held in a Blocked Account):-

1.19.1:1

On receipt of instructions in writing signed by the Participant and the Beneficial Owner of Securities requesting that the Securities be transferred to a Blocked Account.

1.19.1:2

On the receipt by TTCD of a duly executed Pledge Registration Request Form No. 2 or No. 2A as the case may be in respect of some or all of the Securities in an Account.

1.19.1:3

On service on the TTCD of an order made under sub-sections (1) or (3) of **Section 111** of the **Act** in respect of some or all of the Securities in an Account.

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1.19.1:4

On receipt of written instructions under **Rule 3.1.2** for the transfer of such Securities from the transferor Participant to a transferee Participant.

1.19.1:5

On the Tender by a Participant of Securities subject to a Reorganization Event in favour of a Participant specified by the Issuer of the Securities or in the case of a Take-Over Bid by the person making the offer.

1.19.1:6

On receipt of written instructions under **Rule 2.3.1** for the withdrawal of Securities.

1.19.1.7

Where any Security in a Account is subject to a lien in favour of its Issuer or a restriction or constraint on its transfer and TTCD decides in its discretion to make an entry in its records under **Section 110(2)** of the Act in respect of such Security.

1.19.2 Dealings with Blocked Account

TTCD shall not transfer, deliver or otherwise deal with a Security in a Blocked Account without the authority in writing of:

1.19.2:1

In the case of a Blocked Account established under **Rule 1.19.1:1** the Beneficial Owner;

1.19.2:2

In the case of a Blocked Account established under **Rule 1.19.1:2** both the pledgee and the Participant acting for the pledgee (who may be the same person);

1.19.2:3

In the case of a Blocked Account established under **Rule 1.19.1:3** on service of an order of the Court made under sub-section (1) of **Section 111** of the Act, an order of or instructions in writing from the Court or an officer thereof under sub-section (2) of **Section 111** of the Act stating that the judgment creditor in whose favour the Securities are held in a Blocked Account is entitled to realize

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the Securities therein or an order of the Court varying the original order or such order under its terms ceasing to have effect.

1.19.2.4

In the case of a Blocked Account established under **Rule 1.19.1:3** where the order was made under sub-section (3) of **Section 111** of the Act an order of the Court or of the claimant in whose favour the order was made and of a Participant acting on behalf of such claimant.

1.19.3 Dealings in Blocked Accounts under Rules 1.19.1:4, 1.19.1:5 1.19.1:6 and 1.19.1:7.

1.19.3:1

In the case of a Blocked Account established under **Rule 1.19.1:4** TTCD may transfer, deliver or otherwise deal with a Security in such an Account as it may consider necessary or desirable to effect the written instructions delivered to it under **Rule 3.1.2** and in accordance with that Rule.

1.19.3:2

In the case of a Blocked Account established under **Rule 1.19.1:5** TTCD may transfer, deliver or otherwise deal with a Security in such an Account as it may consider necessary or desirable to give effect to **Rule 4**.

1.19.3:3

In the case of a Blocked Account established under **Rule 1.19.1:6** Securities in such an Account may only be transferred or otherwise dealt with by TTCD subject to **Rule 2.3.2**.

1.19.3:4

In the case of a Blocked Account established under **Rule 1.19.1:7** TTCD may transfer deliver or otherwise deal with a Security in such Account as it may consider necessary or desirable having proper regard to the provisions to which the Security is subject

1.19.4 Right of Beneficial Owner.

Where Securities are held in a Blocked Account established under **Rule 1.19.1** the signature of the Beneficial Owner giving authority for any transfer, delivery of or other dealing with a Security shall be authenticated by his Participant.

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Rule 2 -DEPOSITORY SERVICE RULES

Rule 2.1 SERVICE DESCRIPTION

2.1.1 General Description

The Depository Service is a Service established by TTCD by which TTCD holds Securities on trust on behalf of Participants. A Participant may deposit Securities into or withdraw Securities from TTCD but in the case of a Blocked Account only a Person who exercises control over that Account may withdraw Securities. A Participant may on providing written instructions to TTCD on Form No. 1 or (in the case of a Blocked Account under Rule 1.19.1.1) Form No.1A [as the case may be] transfer Securities to the Account of another Participant or may otherwise transfer Securities between its own Accounts Provided That Securities in a Blocked Account may only be transferred with the authority of the person specified in Rules 1.19.2 and 1.19.3.

2.1.2 Accounts

Each Account may include sub- accounts. A credit balance in a Securities Account records Securities held by TTCD for the Participant. A debit balance in a Securities Account indicates an obligation of the Participant to deliver Securities to TTCD. Securities which have been Pledged shall be held in a Blocked Account.

2.1.3 Transfer of Securities

A Settlement under the Trade for Trade Settlement Service is effected by TTCD making entries in the Accounts maintained by TTCD for the parties to the Settlement, debiting the transferor's Securities Account and crediting the transferee's Securities Account so as to transfer Securities from the transferor Participant to the transferee Participant.

2.1.4 Holding of Securities

TTCD has full legal entitlement to each Security, and by itself or its Custodian has custody and control of the Security Certificate in respect of each Security, in each case as trustee for the Participants in whose names such Securities are entered in its Ledgers and Accounts.

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Rule 2.2 DEPOSIT OF SECURITIES

2.2.1 *Eligibility of Securities*

TTCD may from time to time determine those Securities which shall be eligible for deposit with TTCD. TTCD may in its discretion determine that any class of Securities shall cease to be eligible for deposit with TTCD. TTCD shall notify Participants in accordance with the Procedures and User Guides of the Securities which are eligible for deposit with TTCD.

2.2.2 *Deposit of Securities*

A Participant may deposit eligible Securities into TTCD by delivering to TTCD an executed transfer of the Security to it and a Security Certificate evidencing the Security. When TTCD is registered with the Issuer as the owner of the Securities and all steps required for the deposit are completed in accordance with this Rule TTCD shall credit the Securities to the Securities Account of the Participant making the deposit.

2.2.3 *Issue of Securities to TTCD as Registered Owner.*

On the issue of a Security, an Issuer may deliver a Security Certificate directly to TTCD as Registered Owner of the Security if –

- (a) TTCD is requested by one or more Participants to receive the Security;
- (b) The Issuer has written authorization signed by or on behalf of the Beneficial Owners and TTCD; and
- (c) The delivery of the Certificate is evidenced by a written confirmation signed by TTCD and sent at once to the Participants who are the agents of the Beneficial Owners.

TTCD shall credit the relevant Participant's Securities Accounts with the number of Securities to which that Participant is entitled.

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2.2.4 Securities Not Fully Paid

TTCD shall not make an entry in its records under this Rule in respect of a Security that is not fully paid.

2.2.5 Transfer of Securities to TTCD

Immediately after receipt of a Security Certificate and executed transfer in proper form from a Participant, TTCD shall deliver the Certificate and transfer to the Issuer and request the registration of the Securities evidenced by the Certificate in the name of TTCD and on such registration shall credit the Participant's Account with such Securities.

2.2.6 Effecting Pledge

On receipt by TTCD of a duly executed Pledge Registration form, Form No. 2 or No. 2A, TTCD by making an entry in its records shall effect a transfer of the number of Securities pledged to a Blocked Account in the name of the Transferor Participant but blocked in favour of the Pledgee pursuant to Section 108 of the Act to secure the debt or other obligation stated in the Pledge Registration Form and such Securities shall not be disposed of except in accordance with these Rules and the Act.

TTCD is under no obligation to verify the terms or effectiveness of any Pledge or secure compliance with the terms thereof by any party thereto.

2.2.7 Realization of Securities

On receipt of instructions in writing on Form No. 3 from a pledgee and his Participant in whose favour an account is blocked under **Rule 2.2.6** stating that he is entitled to realize the Securities in the Blocked Account, TTCD shall in accordance with the instructions transfer the Securities unless –

- (a) it knows that the pledgee is not entitled to realize the Securities; or
- (b) its procedures in respect of Blocked Accounts specify otherwise.

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2.2.8 Cancellation of Pledge

On receipt of instructions in writing from a pledgee and his Participant in whose favour an account is blocked on Form No. 4 that the debt or other obligation to secure which the Pledge was effected has been fully satisfied TTCD shall cancel the Pledge and the Pledged Securities shall be transferred to the Securities Account from which they were transferred to the Blocked Account under the Pledge.

2.2.9 No liability for Loss

TTCD is not liable for any loss resulting from compliance with the instructions of a pledgee to transfer Securities under **Rule 2.2.7** unless TTCD knows before the transfer that the pledgee is not entitled to the Securities or has notice of proceedings in a court of law challenging such entitlement.

2.2.10 Verification of Signature.

The signature of a pledgee under **Rules 2.2.6, 2.2.7, and 2.2.8**, if not a Participant, shall be witnessed by a Participant, who shall be responsible to TTCD for the true identity of the pledgee and the validity of such signature.

2.2.11 Contents of Lists under Section 114 of the Act

On receipt of a demand in writing from an Issuer pursuant to **Section 114** of the **Act** for a list of the names of Participants for whom it holds Securities of a class issued by the Issuer, TTCD 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.

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2.2.12 Notice to Participant

On receipt of a demand from an Issuer referred to in **Rule 2.2.11** TTCD shall forthwith send notice of the demand to each Participant that is a Securities Company as defined in the Act.

2.2.13 Furnishing of List

A Participant that receives a notice sent pursuant to **Rule 2.2.12** shall furnish to TTCD, within five (5) days of the date of the Participant receiving a notice from the TTCD informing the Participant of the demand made by the issuer, a list containing the name and addresses of all Beneficial Owners for whom the Participant holds the securities and the number or amount of securities of the class so held.

2.2.14 Failure to Provide List

Where a Participant that receives a notice sent pursuant to **Rule 2.2.12** does not provide TTCD with a list of all the Beneficial Owners for whom it holds Securities referred to in the notice, within the time limit in **Rule 2.2.13** 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.

2.2.15 Consolidation of List

When TTCD receives lists of Beneficial Owners under **Rule 2.2.13** it 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 TTCD may charge Participants a reasonable fee for the consolidation which shall be determined by the Board from time to time.

2.2.16 Confidentiality

TTCD shall treat as confidential any information it receives under **Rule 2.2.13** concerning the beneficial ownership of Securities.

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2.2.17 Updating of List

After receipt of a demand in writing from an Issuer that has received a list of Participants under **Rule 2.2.11** TTCD 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 **Rule 2.2.11** was made up.

2.2.18 Free List

An Issuer is entitled to obtain free of charge from TTCD in any one calendar year four lists of Participants under **Rule 2.2.11** with respect to each class of securities held by TTCD, and the Issuer shall pay TTCD 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.

2.2.19 Debt Securities

A Participant may deposit eligible Debt Securities into TTCD by delivering to TTCD an executed transfer of the debt security in a form satisfactory to TTCD and with such other documents or forms as may be required by TTCD evidencing the Security and the title thereto. When TTCD is registered with the Registrar or the Issuer as the case may be of the Debt Securities and all steps required for the deposit are completed in accordance with this Rule TTCD shall credit the Debt Securities to the Securities Account of the Participant making the deposit. Debt Securities may thereafter be transferred in accordance with the Rules of TTCD for the transfer of Securities and may also be withdrawn in accordance with such Rules. Debt Securities may also be pledged and all other provisions of these Rules shall apply to such Debt Securities as to Securities generally.

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Rule 2.3 WITHDRAWAL OF SECURITIES

2.3.1 *Withdrawal of Securities*

Subject to **Rules 1.19** and **2.2.6** to **2.2.8** a Participant may withdraw Securities credited to its Securities Account from TTCD by making a demand in writing to TTCD with the withdrawal details required by the Procedures or User Guides. The par value or number of Securities to be withdrawn shall be forthwith transferred to a Blocked Account under **Rule 1.19.1.6** and debited to the Participant's Securities Account. Securities may not be withdrawn by a transferor Participant after the delivery of instructions to TTCD to effect a transfer, Pledge or other transaction or otherwise from a Blocked Account.

2.3.2 *Receipt of Demand*

On the receipt of a demand in writing from a Participant for whom a Security is held for withdrawal of that Security, TTCD shall as soon as may be, and subject to any court applications made under **Section 118** of the **Act** and to obtaining the transferee's signature if required to transfer such Securities, obtain and deliver to the Participant a Security Certificate in favour of the Participant or of a Person designated in such demand in respect of the Securities.

Rule 2.4 HOLDING OF SECURITIES

2.4.1 *Custody of Securities*

With respect to any Security held in the TTCD, TTCD in its discretion may determine whether or not to appoint a Custodian for such Security.

2.4.2 *Fungibility*

Securities deposited in the Depository Service and identified by the same Security Identifier form a fungible bulk and any number of a Security shall be the equivalent of the same number of that Security. Entries may be made in respect of such Securities in the records of TTCD as part of a fungible bulk and such entries may refer merely to the number or par value of the particular Security without reference to the name of the Registered Owner, any identifying number assigned to a Security by the Issuer, the number or date of issue of any certificate, bond or instrument, or the like. Any registration in the name of, or any certificate or other

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instrument issued to, TTCD or a Custodian may evidence Securities held for the Accounts of more than one Participant, and TTCD shall be under no obligation to keep Securities held for the Account of a Participant, or certificates or other instruments evidencing such Securities, separate and apart from those held for the Accounts of other Participants. If a Participant or other person withdraws a Security, TTCD may deliver to that Participant a certificate or instrument evidencing any such Security, and neither the withdrawing Participant nor any of the other Participants holding that Security shall be entitled to select the Securities of the same Security Identifier to be withdrawn or the Securities included in any particular Security Certificate from which the withdrawal will be effected.

2.4.3 Adverse Claim

A Participant shall not place, serve or assert a notice of adverse claim, charging order, notice of seizure, execution process, injunction, restraining order or any other proceeding against or affecting any Security held in TTCD or assist another Person so to do. The provisions of this **Rule 2.4.3** shall not bind a Participant acting solely in its capacity as an Issuer or as a transfer agent or other agent of an Issuer or as the agent of a Pledgee or a proposed Pledgee.

2.4.4 Entitlements in kind

Securities received by TTCD as an entitlement with respect to Securities held for a Participant in an Account or sub-account shall subject to Rule 2.2.3 be credited to such Account or sub-account and that Participant notified accordingly. Such entitlements may include Securities of the same or another Issuer, dividends or bonus issues satisfied by the issue of Securities, Securities issued on the sub-division, consolidation or conversion of Securities held for a Participant or other distributions of Securities.

2.4.5 Reversal of entitlements

If an entitlement payment to TTCD is found not to be good payment or if TTCD is required for any reason to repay or reimburse an entitlement payment made to a Participant the Participant shall forthwith reimburse such entitlement payment to TTCD.

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Rule 2.5 CONSTRAINTS AND DECLARATIONS

2.5.1 *Constrained Securities*

TTCD shall be entitled to refuse to accept or continue to accept certain Securities, or more than a limited number of certain Securities, for deposit in the Depository Service on the grounds of constraints imposed by the articles of incorporation or by-laws of the Issuer of the Securities, or by legislation, regulation or order of a court or Regulatory Body. Such constraints may include, without limitation, liens in favour of the Issuer, restrictions on the persons eligible to hold such Securities, restrictions on the maximum number of such Securities held by a person or its associates, or requirements to submit declarations to the Issuer of such Securities on a periodic basis or on the happening of an event such as the transfer of the Securities or the issue of rights pertaining to such Securities.

TTCD shall be so entitled in its absolute discretion, whether or not the Issuer is entitled on breach of such constraint to purchase, sell, redeem or cancel such Securities, or limit the rights attached to such Securities. A Participant shall not knowingly permit Securities held in any of its Accounts including a Blocked Account, to be held beneficially in contravention of any applicable article of incorporation, by-law, legislation, regulation or order.

2.5.2 *Declarations*

Each Participant shall provide or cause to be provided to TTCD within a reasonable time following a request a completed declaration providing such information with respect to any Security held in the Depository Service for the account of the Participant as TTCD may reasonably require in order for TTCD to comply (i) with a lawful request of the Issuer of the Security made to comply or facilitate compliance with any legislation, rule, regulation, order of a court or administrative or regulatory body, by-law or provision to which the Issuer is subject, or (ii) with any legislation, regulation, or order of a court or administrative or regulatory body. Each Participant shall provide or cause to be provided such declaration in respect of any Security recorded in any of its Accounts and in respect of Securities held to its credit in any Blocked Account. TTCD shall be entitled to rely upon and shall be under no duty of inquiry with respect to any such declarations received from a Participant.

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Rule 2.6 CUSTODIANS

2.6.1 *Appointment of a Custodian*

A Person which meets the qualifications and standards to act as a Custodian set by TTCD in accordance with this **Rule 2.6** may apply to act as a Custodian. TTCD may approve or reject in its sole discretion an application to become a Custodian. An applicant accepted by TTCD shall become a Custodian upon entering into an agreement with TTCD in form and substance satisfactory to TTCD. TTCD may at any time suspend or terminate the right of a Custodian to act as a Custodian for a particular Security or for Securities generally.

2.6.2 *Qualifications of a Custodian*

A Custodian must demonstrate to the satisfaction of TTCD that it meets all standards established by TTCD with respect to financial ability, personnel, facilities, equipment, procedures and other matters, and that it can be classified in any one of the following categories:

- (a) a Trinidad and Tobago bank or trust company licenced and regulated under **the Financial Institutions Act, 1993**;
- (b) a wholly- owned subsidiary of a bank or trust company referred to in clause (a), if such subsidiary has capital as required by the Board from time to time or all of the obligations of such subsidiary are unconditionally guaranteed by its parent;
- (c) a banking institution or trust company incorporated or organized under the laws of a country other than Trinidad and Tobago that is in full compliance with applicable law and regulation of its country of incorporation or organization, and that has capital as required by the Board from time to time;
- (d) a wholly- owned subsidiary of a banking institution or trust company referred to in clause (c) provided that such subsidiary has capital as required by the Board from time to time or all of the obligations of such subsidiary are unconditionally guaranteed by such institution or trust company;
- (e) a securities depository or clearing agency, which operates a system for the holding or transfer of securities;

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- (f) a central bank of, or a Person that performs the functions of a central bank for, a jurisdiction recognized by Trinidad and Tobago; or
- (g) the Central Bank.

A Person described in subparagraph (c), (d) or (f) shall act as a Custodian outside of Trinidad and Tobago only.

2.6.3 Custodian Duties

With respect to Securities deposited in the Depository Service, a Custodian may hold all documents evidencing such Securities in safekeeping for TTCD, supply facilities for the deposit and withdrawal of such documents, and if necessary receive payment of and make payment to TTCD of all payments and entitlements in respect of such Securities including dividends, interest and principal payments on redemption or maturity. TTCD may from time to time perform all or any of the functions of a Custodian with respect to any Securities, and may use such agents as it considers appropriate in the performance of such functions. All references in the Rules to a Custodian shall include TTCD to the extent that TTCD performs the functions of a Custodian.

Rule 2.7 USE OF DEPOSITORY SERVICE

2.7.1 Conditions on Securities

Subject to the provisions of the Act and these Rules as amended from time to time, TTCD may at any time impose conditions on the eligibility, entry, deposit, transfer or Pledge of any Security, or on the method by which Transactions in any Security may be Settled, if TTCD considers it necessary or desirable to do so. Without limiting the discretion conferred on TTCD, TTCD may impose conditions in order to facilitate the operations of the Services, to comply with any order of a Regulatory Body or court having jurisdiction over TTCD or over the Issuer or holder of the Securities, to fulfil any agreement between TTCD and a Regulatory Body, to comply with any applicable statute or regulation or to comply with the articles of incorporation or by-laws of the Issuer of the Security.

Prior to imposing or removing a condition, TTCD shall use its best efforts to give Participants sufficient prior notice to permit Participants to withdraw previously deposited Securities or to refrain from depositing additional Securities which will become subject to the condition. In exercising its discretion to impose or

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remove conditions, TTCD shall take reasonable care and act in what it, in good faith, considers to be in the best interests of all Participants.

2.7.2 *Attornment*

The making of an entry by TTCD in its records to effect the deposit of a Security into TTCD or the transfer of a Security held in TTCD is conclusive evidence that the Security so deposited or transferred is held for the Participant whose Security Account is credited with the deposit or a transfer of the Security, and with respect to a transfer, such Security is thereby deemed to be held for such transferee under these Rules.

2.7.3 *Exercise of Rights*

At the written request of a Participant and on terms as to indemnity as provided in the Rules or as may otherwise be agreed, TTCD will take any steps as the registered holder of, or person otherwise entitled to, Securities held for the Participant, including without limitation the exercise of dissenters' rights, appraisal rights or other rights of a holder or owner of the Securities, or the pursuit of an action to enforce payment on the Securities; or alternatively may require such Securities to be withdrawn from TTCD.

TTCD shall not be obligated to take any such steps except pursuant to the reasonable instructions of the Participant for which such Securities are held and only if TTCD receives from the Participant an indemnity and assurance of payment satisfactory to TTCD. TTCD shall not be obligated in any event to determine the legal or other requirements to be followed in the pursuit of such rights or actions, or the desirability or necessity of taking any such steps. Each Participant shall indemnify and hold harmless TTCD, Custodians, and their respective partners, directors, officers, employees and agents, from and against any loss, damage, cost, expense, liability or claim (including without limitation the legal costs to advise on or defend against such claims) suffered by or made against it, them or any of them arising from or which they may incur as a result of such steps being taken at the written request of the Participant.

2.7.4 *Notice of Reorganization Events*

Securities held by TTCD may be subject to Reorganization Events. Within a reasonable time after receiving information relating to a Reorganization Event TTCD will notify Participants of the Reorganization Event and

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may provide a summary of information regarding the Reorganization Event. If so provided the information will be in a form in the discretion of TTCD and such provision will not constitute any representation as to the accuracy, adequacy, timeliness, completeness or fitness for any particular purpose of such information. Notice of Reorganization Events will be given to all Participants and not only to Participants holding affected Securities.

2.7.5 Action by TTCD with respect to any Reorganization Event

Certain Reorganization Events require the holder of Securities to take action in order to participate in the Reorganization. Whether or not it has agreed to provide the Reorganization Service with respect to any Reorganization, at the request of a Participant TTCD may take or cause the Custodian to take any such action in the capacity of the registered holder, or person otherwise entitled to Securities held for the Participant. TTCD will not take any such steps without appropriate instructions from the Participant for which the Securities are held whether or not the Issuer or any person responsible for a Reorganization provides a default option. TTCD has no obligation to seek instructions from a Participant. If Securities subject to Reorganization Events are held for a Participant acting for a Pledgee such Participant will have no obligation to seek instructions with respect to that Reorganization from the Participant for the Pledgor.

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Rule 3 - TRADE FOR TRADE SETTLEMENT SERVICE RULES

Rule 3.1 SERVICE DESCRIPTION

3.1.1 General Description

The TTS is a Service established by TTCD to provide for the Settlement of Trades in Securities held in TTCD

3.1.2 TTS Settlement

On receipt of instructions in writing from a Transferor Participant to transfer any Securities in such Participant's Securities Account in accordance with the Procedures TTCD shall transfer such number of Securities from an Account of such Participant to a Blocked Account for the credit of that Participant and TTCD to secure the availability of such Securities agreed to be transferred by the making of entries in its records under these Rules. On receipt of confirmation from the Central Bank that payment has been effected in accordance with **Rule 1.10** TTCD shall immediately re-transfer the Securities from such Blocked Account to the Participant's Account and from such Account to an Account of the Participant to whom the Securities are to be transferred as identified in the instructions by the making of entries in its records; at which time Settlement is effected.

3.1.3 Trades in excess of Ten Million Dollars

Where the consideration of any Trade is in excess of Ten Million Dollars (\$10,000,000.00) the transferee Participant shall deposit twenty-five percent (25%) of the total consideration of the Trade with its Commercial Bank which sum shall be used for payment of the consideration. TTCD shall be notified by the transferee Participant as soon as the deposit is made. The notification shall be supported with such documentation from the Commercial Bank as TTCD may reasonably require. TTCD shall not transfer the relevant Securities to a Blocked Account as provided in Rule 3.1.2 above until receipt by it of the notification and supporting documentation.

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Rule 3.2 SETTLEMENT OF TRADES

3.2.1 *Settlement*

A Settlement is effected in the TTS by the transfer of Securities as described in **Rule 3.1.2** and the making of payment as described in **Rule 1.10**.

3.2.2 *Evidence of Transfer*

The making of an entry by TTCD in its records to effect the transfer of a Security to the Securities Account of the transferee Participant constitutes conclusive evidence that the Security so transferred is held by TTCD for the transferee Participant, and such Security is thereby deemed to be held by TTCD on trust for such transferee.

3.2.3 *Minimum Denomination*

TTCD may impose constraints on the denominations or values of Securities which may be transferred, or otherwise dealt with through TTCD, if TTCD considers such constraints desirable for the proper functioning of the Services.

3.2.4 *Payment*

Payment shall be made in accordance with **Rule 1.10** with respect to the transfer of any Securities no later than five (5) days after receipt of written instructions by TTCD in accordance with **Rule 3.1.2**.

3.2.5 *Free Transfer*

A Participant may transfer Securities to another Participant without any corresponding payment being made in accordance with and in the circumstances provided for in the Procedures and User Guides.

3.2.6 *Selective Trade Deletion*

At any time prior to Settlement, TTCD may delete a particular Transaction or any class of Transactions. If a Participant fails to make payment of amounts owing by it under **Rule 1.10**, or if a Participant is suspended or

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terminated, then, in addition to the disciplinary powers conferred on it by **Rule 1.5**, TTCD may delete any or all Transactions involving that Participant until payment of all amounts due from Participants in respect of any Trade in accordance with **Rule 1.10** has been received. TTCD shall have no obligation to make entries in its records with respect to Securities to be transferred in respect of any such deleted Trade or to otherwise facilitate Settlement. The deletion prior to Settlement of a Trade does not affect any rights or obligations between the Participants which are parties to that Trade.

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Rule 4 -REORGANIZATION SERVICE

4.1 DESCRIPTION

4.1.1 *Service Description*

The Reorganization Service is a service to assist an Issuer in the distribution of its Securities on a Reorganization Event or persons making an offer for the purchase of all the issued Securities of a class.

4.1.2 *Initiation of Service*

A Participant on behalf of an Issuer or on behalf of a person making a Take Over Bid (either such person being referred to as “**the Offeror**”) may initiate the Reorganization Service by submitting a request to TTCD giving full particulars of the Reorganization or Take Over Bid.

4.1.3 *TTCD discretion*

TTCD may in its discretion agree or refuse to provide the Reorganization Service.

4.2 PARTICIPANT REPRESENTATIONS AND WARRANTIES

By making a request for the Reorganization Service a Participant represents and warrants to TTCD that:-

- (a) all particulars submitted with respect to the Reorganization or Take Over Bid are true and correct;
- (b) the Reorganization or Take Over Bid will comply with applicable laws and regulations; and
- (c) any trustee or transfer agent engaged for the purpose of the Reorganization or Take Over Bid is familiar with the Rules and the Procedures and User Guides relating to the Reorganization Service and will comply with the terms thereof.

4.3 TTCD ACTIONS IN REORGANIZATION EVENT

In respect of an application for the Reorganization Service on behalf of an Issuer in respect of a Reorganization TTCD may:-

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4.3.1 Reorganization Information

Publish particulars of the Reorganization and notify Participants or others of the steps needed to be taken by holders of Securities in order to implement it.

4.3.2 Distribution of cash, securities or other benefits

Distribute at the request of the Issuer or the Offeror cash Securities or other benefits arising from the Reorganization to Participants entitled to Securities in the Issuer.

4.3.3 Establishment of Blocked Accounts

In the event that the Reorganization involves any conditional offer by an Issuer to replace existing issued Securities establish one or more Blocked Accounts in the name of TTCD under **Rule 1.19.1.5**.

4.3.4 Holding of Securities for Issuer

On the offer becoming unconditional and being satisfied that the terms of the offer have been fulfilled hold the Securities in such Blocked Accounts for the Issuer.

4.4 TTCD ACTIONS IN TAKEOVER BID

In respect of any Take Over Bid including a Take Over Bid for the repurchase by an Issuer of its own shares TTCD may:-

4.4.1 Take Over Information

Publish particulars of the Take Over Bid and notify Participants of the steps needed to be taken by the holders of Securities in respect of it.

4.4.2 Establishment of Blocked Account

At the request of any Participant holding Securities the subject of the Take Over Bid which accepts the conditional offer establish under **Rule 1.19.1.5** one or more Blocked Accounts in the name of TTCD.

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4.4.3 *Receipt and distribution of consideration*

Receive from the Offeror the consideration for any offer and hold or distribute the same to the persons entitled thereto.

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4.4.4 *Holding of Securities for Offeror*

On the offer becoming unconditional and on being satisfied that the terms of the offer have been fulfilled hold the Securities in such Blocked Accounts for the Offeror.

4.5 SELECTION OF SECURITIES

A Reorganization Event may not affect equally all Securities of the same class. For instance the Issuer may choose to redeem a portion of the outstanding Securities of a particular issue on a proportionate basis or by lottery. In such case TTCD may in its discretion when selecting the Securities held for Participants which will be affected by a Reorganization take reasonable steps to reflect to the extent possible the method used by the Issuer or other persons effecting the Reorganization or in its discretion may require any such Securities to be withdrawn from TTCD.