



THE TRINIDAD AND TOBAGO  
**STOCK EXCHANGE**  
LIMITED

# REPUBLIC OF TRINIDAD AND TOBAGO STOCK EXCHANGE RULES

The Trinidad and Tobago Stock Exchange Limited, by letter dated 8<sup>th</sup> June 2004, filed with the Securities and Exchange Commission (“the Commission”) a proposal to amend the Stock Exchange Rules pursuant to Section 40 (1) of the Securities Act 1995. The purpose of the amendment was to adopt the Horizon Automated Trading Rules for the Horizon Trading system, which replaced the manual system of trade that was in place since 1981, and to make consequential amendments to the Stock Exchange Rules.

Subsequent to adherence with all legislated procedures, the rules were approved by the Commission on October 22<sup>nd</sup> 2004, in accordance with Section 40 (3) and (4) of the Securities Industry Act 1995.

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**DEFINITIONS**

In these Rules -

"the Act" means the Securities Industry Act, 1995;

"the Board" means the Board of Directors of the Stock Exchange;

"Books Close Date" mean the date on which the Company closes its Register and makes up a list of shareholders entitled to a distribution as of that date

"the Companies Act" means the Companies Act of 1995 and any amendments thereof or any modifications or replacements thereto;

"connected persons" for the purpose of rule 600-604, are persons who are deemed to be connected with a director/senior manager:

- The director's /senior manager's husband or wife.
- The director's /senior manager's minor children (these include step-children and adopted children), dependents and their spouses.
- The director's/senior manager's partners.
- Bodies corporate of which the director/senior manager and/or persons connected with him together have control.

"Contract note" or "Confirmation of Trade" means the instrument required to be made and issued under Rule 112:

"control" or "controlled" in relation to an issuer means the power of a person, or persons acting jointly or in concert, by virtue of the holding of securities of the issuer, or by virtue of any agreement, arrangement, commitment or understanding with any person or persons, to direct that the business and affairs of the issuer be conducted in accordance with the wishes of such person or person and:

- (a) is deemed to exist where the person or persons exercise control or direction over more than fifty percent of the voting power in, or in relation to, that issuer; and
- (b) is presumed to exist where the person or persons exercise control or direction over more than thirty percent of the voting power in, or in relation to, that issuer;

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

"director" where used in relation to a person means a director of a company or a person acting in a similar capacity, including the trustees of a trust;

"Ex" means "Ex-dividend" or "Ex-rights" or Ex-any other distribution

"financial reporting standards" means IFRS or such other financial or accounting standards as may be prescribed;

"IFRS" means International Financial Reporting Standards adopted by the International Accounting Standards Board and applied in Trinidad and Tobago and the same may be supplemented, amended, or replaced from time to time;

"issuer" means a person that has securities outstanding or issues, or proposes to issue or distribute, a security;

"Issuer Agreement" means an agreement entered into between an Issuer and the TTCD with respect to all the listed securities of that Issuer under which the Issuer agrees to co-operate with TTCD where any of its securities are registered in the name of TTCD.

"the General Manager" means the General Manager of the Stock Exchange appointed pursuant to paragraph 4.13 of the By Laws of the Trinidad and Tobago Stock Exchange;

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

"listed company" means a company whose securities have been admitted for quotations on the Stock Exchange under these rules;

"listed securities" means securities admitted for listing pursuant to the Stock Exchange's Rules and Regulations;

"material change" means a change in the business, operations, assets or ownership of an issuer the disclosure of which would be likely to be considered important to a reasonable investor in making an investment decision and includes a decision to implement such a change made by the directors of the issuer;

"material fact" means, if used in relation to the affairs of an issuer or its securities, a fact or a series of facts the disclosure of which would be likely to be considered important to a reasonable investor in making an investment decision;

"material information" means any information impacting the operations of the business which would be likely to be considered important to a reasonable investor in making an investment decision; Material information consists of both material facts and material changes relating to the business and affairs of a listed company.

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

"the Seal" means the seal of the Stock Exchange;

"the secretary" means the secretary to the Board appointed under the By Laws of the Trinidad and Tobago Stock Exchange;

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

- (a) bond, debenture, note or other evidence of indebtedness;
- (b) share, stock, unit, unit certificate, participation certificate or certificate of share or interest;
- (c) instrument commonly known as security;
- (d) instrument or document constituting evidence of any interest or participation-
  - (i) a profit sharing agreement;
  - (ii) a trust;
  - (iii) an oil, natural gas or mining lease, claim or royalty or other mineral right;
- (e) right to acquire or dispose of anything specified in paragraphs (a) to (d), but does not include-
- (f) currency;
- (g) a cheque, bill of exchange or bank letter of credit;
- (h) a certificate or document constituting evidence of any interest in a deposit account with-
  - (i) a financial institution;
  - (ii) a credit union within the meaning of the Cooperative Societies Act;
  - (iii) an insurance company;
- (i) a contract of insurance issued by an issuer;

'SEC' means the Securities and Exchange Commission

"senior officer" means –

- a. the chairman or vice-chairman of the board of directors of an issuer, the managing director, the chief executive officer, the deputy managing director, the president, the vice-president, the secretary, the treasurer, the chief financial officer, the financial controller, the general manager or the deputy general manager of an issuer or any other individual who performs functions for an issuer similar to those normally performed by an individual occupying any such office; and
- b. each of the five highest paid employees of an issuer, including any individual referred to in paragraph (a);

"stockbroker" or "broker" means a person licensed to practise in accordance with the Rules and Regulations of the Stock Exchange;

"Stock Exchange" or "Exchange" means the Trinidad and Tobago Stock Exchange Limited established under the Securities Industry Act, 1995;

"Stock Exchange transaction" means a sale and purchase of securities in which each of the parties is a member company or a stockbroker acting in the ordinary course of business as such, or is acting through the agency of such a member company or stockbroker;

"substantial shareholding" means one-tenth or more of the issued share capital of any institution or company;

"trade or trading" includes:

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

'TTCD Rules' mean the Service Rules of the Trinidad and Tobago Central Depository Limited.

'TTCD' means "The Trinidad and Tobago Central Depository Limited", a clearing agency established under the Act

'TTCD Securities' means listed securities of Issuers who have entered into Issuer Agreements.

"unpublished price sensitive information, in relation to securities of a reporting issuer, refers to any material fact or material change that has not been generally published.



## GENERAL RULES

### Rule - 100

#### Application to be licensed as a Stockbroker

- (1) Subject to the provisions of the rules of the Exchange, all applicants for licencing as a stockbroker:
  - (a) shall be registered with the Securities and Exchange Commission (SEC)
  - (b) Every application shall be in writing and be proposed and seconded by two members of the Board, and shall be accompanied by such documents and information as may be prescribed.
  - (c) The Secretary may refuse to accept an application if the Exchange has within a period of twelve months immediately preceding the application refused licencing of the applicant.
  - (d) It shall be stated in the application whether the applicant has professional or business connections or substantial shareholding in any banking institution, insurance company, management company of mutual funds, or trust company, and the exchange shall take such matters into account in determining whether or not to grant the application.
  - (e) A licence shall not be issued to any applicant who holds a position as a director on the Board of any listed company.
  - (f) Where the Exchange is satisfied that the applicant has complied with the requirements of the applicable rules and is a suitable person to be licenced, the Exchange shall licence the applicant as a stockbroker, and shall upon payment of the prescribed fee issue to him/her a licence to trade in the prescribed form.
  - (g) For purposes of determining suitability, the Exchange may require an applicant to sit and pass a written or oral examination set by the Exchange.
  - (h) A licence issued by the Exchange shall be valid for a period of three years. However, if after the licence has been issued, any material change takes place in the facts of information, the person who filed the application must promptly file with the Exchange an amendment disclosing the change.
  - (i) Subject to any notification of change by the Exchange, the annual licence fee for the time being shall be \$2,500 and such fee shall be payable on January 1, each year.
  - (j) Where the Exchange refuses to licence an applicant, it shall notify the applicant in writing of the reasons for so doing.

### Rule - 101

#### Register of Membership and Stockbrokers

- (1) The Exchange shall -
  - (a) establish and maintain a register of membership in the prescribed form of all companies admitted as members.
  - (b) make all necessary alterations of and amendments to the particulars of a member as the occasion arises.
  - (c) delete from the register the names and particulars of members whose registration has been cancelled by the SEC or whose name has been removed from the register kept under the Companies Act.
  - (d) record in the register the suspension from practice of any member.
- (2) The Exchange shall -
  - (a) establish and maintain a register of stockbrokers duly licenced.
  - (b) delete from the register of stockbrokers any person whose registration has been cancelled by the SEC.
  - (c) record in the register of stockbrokers the suspension from practice of any stockbroker.
- (3) No stockbroker shall employ in any capacity any person -
  - (a) Whose registration as a stockbroker has been cancelled.
  - (b) Who has been suspended from trading as a stockbroker.
  - (c) Whose registration has been refused by SEC.

**Rule - 102****Admittance to Membership**

- (1) Every application for membership of the Stock Exchange shall be proposed and seconded by two members of the Stock Exchange and shall be accompanied by:
  - (a) a statement which shall contain the name and description of the applicant, the address of its registered office in Trinidad and Tobago, and the name and address and nationality of each of its directors one of whom shall be a broker;
  - (b) a certified copy of its Articles of Incorporation together with a certified copy of its certificate of incorporation;
  - (c) proof that the company has a minimum paid up share capital of one million dollars.
- (2) Before admitting the applicant as a member, the Exchange must approve of the Articles of Incorporation referred to in Rule 102 (1) (b), and must be satisfied that the applicant's principal business is dealing in securities and is active in such business.
- (3) Upon being satisfied that the applicant satisfies the criteria for membership specified in the Rules, the Exchange shall, subject to the applicant being registered and approved by the Commission, admit such member upon payment of the prescribed fee.
- (4) Where the Exchange refuses an application for membership, it shall at once file with the Commission a copy of the decision, the reasons thereof and any other information required by the Commission.
- (5) When an application for membership has been refused, the applicant may appeal to the Commission for a review of the Exchange's decision. If upon review the Commission is of the opinion that the applicant should be admitted, the Exchange upon receiving notice of same, shall admit the applicant.
- (6) No member shall alter its Articles of Incorporation without the consent of the Exchange in writing.
- (7) A member shall give immediate notice in writing to the Exchange of the death, retirement, bankruptcy or resignation of any of its directors and shall not go into voluntary liquidation without the prior approval of the Exchange.

**Rule - 103****Disciplinary powers of Exchange (Amended 27<sup>th</sup> September 2001 and 8<sup>th</sup> Jan. 2003)**

- (1) Where the Exchange considers that a Member Company, Stockbroker or Dealer –
  - (a) has been guilty of negligence in trading on the Stock Exchange;
  - (b) has obtained a licence to trade by fraud, mistake, or material misstatement;
  - (c) has defaulted in payment of any monies due to the Stock Exchange or to a member;
  - (d) has contravened any of its rules or the rules of any other self-regulatory organization under the Act.
  - (e) is unsuitable to trade on the Stock Exchange by reason of any other circumstances whatsoever which either are likely to lead to the improper conduct of business by him, or reflect discredit upon his method of conducting business; it may cancel the person's licence, or it may suspend him and/or the Firm from trading or it may impose a fine and/or censure him or the firm.
- (2) Where the Exchange cancels a person's licence, or suspends him or the Firm from trading or imposes a fine, such person or firm shall not resume trading until his/its licence has been renewed, or the suspension has been removed, or the fine paid, as the case may be.
- (3) Where the Exchange suspends a person or firm from trading, or imposes a fine under this rule it shall forthwith notify the Commission, stating the reasons thereof and any other information required by the Commission.
- (4) All proceedings under this rule shall be conducted at a hearing in accordance with the procedures laid down by the Exchange.
- (5) The Exchange may from time to time appoint a Hearing Panel to be composed of representatives of members and listed companies and/or members of the investing public.
- (6) The Hearing Panel referred to in subrule (5) shall hear and receive evidence and submissions on any matter referred to it by the Exchange, for the purpose of informing the Exchange of the evidence and submissions.
- (7) The Exchange shall consider the evidence and submissions before reaching its decision based thereon.
- (8) All decisions made by the Exchange may, on appeal, be subject to review by the Commission who may-
  - (a) affirm or modify the sanction imposed where it finds that the person disciplined contravened the rules of the Exchange;
  - (b) set aside the sanction imposed if it does not so find; and
  - (c) refer the matter to the Exchange for further proceedings.

- (9) Where a person has been charged for a breach of any of the rules of the Exchange such person may be suspended from trading, but such suspension shall cease upon the dismissal of the charge, or upon the withdrawal of the proceedings.

**Rule - 104**

**Financial – Stock Exchange (Amended 27<sup>th</sup> September 2001)**

- (1) The funds of the Stock Exchange shall consist of:
- (a) fees paid by issuing companies for the inclusion of their securities in the official list;
  - (b) such fees, subscriptions, and charges that become payable to the Stock Exchange under its rules;
  - (c) charges payable by non-members of the Stock Exchange for services rendered;
  - (d) such other monies and assets that may accrue to the Stock Exchange.
- (2) The Exchange shall have the power to prescribe all fees, subscriptions and charges mentioned in rule 104 (1) above.
- (a) The secretary shall keep proper books of accounts of:
    - (i) all monies received and expended by the Stock Exchange and shall record the matters in respect of which such monies have been received and expended;
    - (ii) the assets and liabilities of the Stock Exchange.
  - (b) Where assets are held upon any special trusts, the receipts and expenditure relating to such trust shall be kept in an account separate and apart from all other receipts and expenditure.
  - (c) All accounts shall be kept in the office of the Stock Exchange in Port of Spain for a period of six years after the last entry therein, and shall be open to inspection by members of the Board and by the auditors.
  - (d) Within four months after the end of each financial year, the Exchange shall prepare in respect of that year:
    - (i) an account of the revenue and expenditure of the Stock Exchange;
    - (ii) a balance sheet;
    - (iii) such other accounts as the Commission may require;
    - (iv) An Annual Report.
  - (e) Accounts prepared by the Exchange shall be audited by a duly appointed auditor, and shall be signed by the Chairman and not less than two other directors.
  - (f) The Exchange shall send copies of the signed accounts to every member of the Board, every member of the Stock Exchange, and the auditor.
- (3)
- (a) The Stock Exchange shall appoint an auditor who shall be a member in good standing of the Institute of Chartered Accountants of Trinidad and Tobago.
  - (b) The auditor appointed under 104 (3) (a) above shall have the right if requested by the Exchange to examine all books, accounts, stock registers and other records required to be kept by members pursuant to the Exchange's rules.

**Rule - 105****Minimum Capital Requirements; Books and Records**

- (1) A Broker shall maintain at all times a minimum net worth as defined in Exchange Rule 300 12(a) of one million dollars or such other amount as the Exchange may from time to time prescribe.
- (2) A member shall keep such books, accounts, stock registers and such other records:
  - (a) as may be necessary to show the nature and details of all dealings and transactions entered into it;
  - (b) as may be required to explain transactions and the financial status of its business at any time;
  - (c) to enable a true profit and loss account and balance sheet to be prepared from time to time;and such other books and records as the Stock Exchange may from time to time prescribe.

**Rule - 106****Diligence as to Customer Accounts (Amended 27<sup>th</sup> September 2001)**

- (1) Every member of the Exchange is required through its Managing Director or a person designated to:
  - (a) use due diligence to learn the essential facts relative to every customer, every order, every cash or other securities transaction accepted or carried by such member and every person holding power of attorney over any account accepted or carried by such member.
- (a) Supervise diligently all accounts handled;
- (3) Specifically approve the opening of an account prior to or promptly after the completion of any transaction for the account with a customer. The Managing Director or other designated person approving the opening of the account shall, prior to giving his approval, be personally informed as to the essential facts relative to the customer and to the nature of the proposed account and shall indicate his approval in writing on a document which is a part of the permanent records of his office or organization.
- (4)
  - (a) To establish the identity, and where applicable the creditworthiness of the client; and
  - (b) If information known to the registrant, under Part IV, of the Act, causes doubt as to whether the client is of good reputation, the reputation of the client and every registrant under Part IV is required by by-law 31(1)(b) to make enquiries concerning each client in order to determine the general investment needs of the client and the suitability of a proposed purchase or sale for that client.

**Rule - 107****Trust Accounts (Amended 27<sup>th</sup> September 2001)**

- (1) A member shall establish and keep in a commercial bank or banks in Trinidad and Tobago one or more trust accounts designated as such into which it shall pay:
  - (a) all amounts less any commission and other proper charges that are received from or on account of any person, other than another broker or securities company for the purchase of securities not delivered to the broker or securities company within three working days; and,
  - (b) all amounts, less any commission and other proper charges that are received on account of any person other than a broker or securities company, from the sale of securities and not paid to that person or as that person directs within three working days.
- (2) Save as otherwise provided under this Rule monies held in trust accounts in accordance with this section shall not be available for payment of the debts or expenses of a member, or be liable to be paid or taken in execution under an order or process of any court.
- (3) A member shall not withdraw any monies from a trust account established under Rule 107 except for the purpose of making payment on behalf of or to the person lawfully entitled thereto, or for any other purpose duly authorised by law.
- (4) Nothing in these Rules shall be construed as affecting in any way any lawful claim or lien which any person may have against or upon any monies held in a trust account, or against or upon any monies received for the purchase of securities, or from the sale of securities, before such monies are paid into a trust account.

**Rule - 108****Audit of Member Companies**

- (1) A member shall appoint an auditor who is a member in good standing of the Institute of Chartered Accountants of Trinidad and Tobago, and where for any reason that auditor ceases to hold office, the member shall appoint another approved auditor in his place.
- (2) Within four months after the end of its financial year, a member shall prepare a balance sheet and a profit and loss account in respect of that year, and shall submit such balance sheet and accounts and all other relevant documents to the auditor.
- (3) The auditor shall, if he is so satisfied, certify that the business of the member has been conducted in accordance with the rules of the Exchange, and that the balance sheet and profit and loss account are true and fair statements of the business of the member in respect of that financial year, and he shall submit a copy of the accounts so certified to the Exchange and the Commission.
- (4) Where the auditor is not satisfied in relation to the matters set out in Rule 108 (3), he shall qualify the accounts and notify the Exchange and the Commission accordingly.
- (5) Upon receipt of the notification under Rule 108 (4), the Exchange shall suspend the member from trading on the Stock Exchange, and shall notify the Commission accordingly. Such suspension shall not be removed until the auditor appointed by the Exchange under Rule 104 (3) (a) certifies as in Rule 108 (3).

**Rule - 109****Indemnity Insurance**

Every member shall to the satisfaction of the Exchange effect appropriate policies of insurance for the purpose of indemnifying itself against any liability that may be incurred as a result of any act or omission of any of its officers or employees.

**Rule - 110****Conduct of Security Business (Amended 8<sup>th</sup> January 2003)**

- (1) A broker shall not trade on the Stock Exchange other than in the name and on behalf of a member of which he is himself a member.
- (2) Subject to TTCD's rules in the case of TTCD Securities, the beneficial ownership of any security sold on the Stock Exchange shall pass from seller to buyer with effect from the date of the transaction together with all rights and interests in such security unless such rights and interests are expressly excluded by the terms of the contract of sale in which case the nature of the exclusion and its extent shall be recorded at the time of the transaction in the contract note or confirmation of trade as provided for in Rule 112.
- (3)
  - (a) Subject to Rule 110 (3) (b) a member may trade in securities on the stock market both as an agent and as a principal.
  - (b) Where a member seeks to purchase securities on the stock market as a principal, and there is a competing bid on behalf of a client for the purchase of those securities which equals the bid made by the member, such competing bid shall be preferred to that made by the member.
  - (c) For the purposes of this section under this Rule trading as a principal includes trading on behalf of a corporation in which the member or its directors have a controlling interest.
  - (d) Where a member purchases securities in the market as a principal, it shall record such securities in a book of accounts separate from the book of accounts relating to securities held as an agent.
  - (e) Where a member seeks to purchase securities as a principal, it shall so declare in its bid, and where it fails so to do, the vendor may rescind the contract by giving the member a notice of the rescission in writing within seven days after the receipt of the contract note, and shall send a copy of the notice to the Exchange.
  - (f) The Exchange shall have the power to vary the number of members making markets in specified listed securities.

**Rule - 111****Prohibition of False Markets**

- (1) It is unlawful for any person directly or indirectly for the purpose of creating a false market in any security;
  - (a) to effect any transaction in such security which involves no change in the beneficial ownership thereof; or
  - (b) to enter an order or orders for the purchase of security with the knowledge that an order or orders of substantially the same size, at substantially the same time and at substantially the same price, has or have been or will be entered by or for the same or different parties.
- (2) For the purposes of this rule a false market is a market in which the movement in the price of a security is brought about or sought to be brought about by contrived factors such as the collaboration between buyer and seller calculated to create a movement of the price of the security not justified by the assets earnings or prospects related to that security.

**Rule - 112****Contract Note or Confirmation of Trade (Amended 27<sup>th</sup> September 2001 and 8<sup>th</sup> January 2003)**

- (1) Any member who effects any sale or purchase of any listed security shall within twenty-four hours after the sale or purchase make and transmit a contract note of the transaction to its client and in the case of TTCD Securities such member shall submit the relevant form under the TTCD rules to effect such sale.
- (2) A contract note or confirmation shall:
  - (a) advise of the sale or purchase of the listed security;
  - (b) state the price at and the consideration for which the sale or purchase was effected and the commission charged in connection therewith and any other proper charges;
  - (c) identify the member involved in the sale or purchase;
  - (d) contain such further particulars as may from time to time be required by the Exchange; and
  - (e) include the date and time at which the purchase or sale took place and whether the member or registered broker acted as principal or agent;
- (3) No member or any other person shall have any legal claim to any commission or other fees with respect to the sale or purchase of any security when there is failure to comply under these rules.

**Rule - 113****Stock Transfer (Amended 8<sup>th</sup> January 2003)**

- (1) Subject to TTCD's rules in the case of TTCD Securities and in the case of securities which are not TTCD Securities, notwithstanding any provision to the contrary in the Articles of Incorporation and By-Laws of a listed company:
  - (a) listed securities may be transferred by means of an instrument in the prescribed form, (to be called the Stock Transfer Form) executed by the transferor only and specifying the particulars of the consideration, the description and number or amount of the securities, the person by whom the transfer is made, and the full name and address of the transferee;
  - (b) where listed securities represented by a single certificate are purchased by more than one person, in addition to the Stock Transfer Form, instruments in the prescribed form (to be called the Brokers Transfer Form) shall be executed in respect of each transferee identifying the transferor, the stock transferred, and specifying the securities to which each such instrument relates and the consideration paid by each transferee for those securities.
- (2) Where listed securities are purchased by more than one person, the Stock Exchange is empowered to certify the Broker Transfer Forms against the Stock Transfer Form

**Rule - 114****Publication of particulars of Listed Companies**

- (1) The Exchange shall publish the following information in respect of each listed company in a manner that is readily available to the public:
  - (a) the full name and description of the company, its registered address and that of its registrar;
  - (b) the names and addresses of the directors of the company;
  - (c) the date of the company's incorporation or formation together with a brief history of its operations;
  - (d) the structure of the company's authorised and issued capital, together with its recent capital history;
  - (e) the company's dividend history and its latest balance sheet in summary form;
  - (f) any special conditions relating to the transfer of the company's shares.
- (2) The Exchange shall be entitled to demand and receive from each company in respect of which it publishes the information referred to in (1) above such fees as it may fix for so doing.



**Rule - 121**

**Fully paid securities held in safekeeping (Adopted 27<sup>th</sup> September 2001)**

Every member who holds fully paid securities for a client under a written safe keeping agreement shall-

- a) keep them separate and apart from all other securities; and
- b) identify them in his stock record and statement of accounts as being held in safe keeping for a client.



## DEALINGS AND SETTLEMENTS

### Rule – 200 General bargain rules (Amended 8<sup>th</sup> January 2003)

- (1) Every bargain on the Stock Exchange whether for the account of the member effecting it or for the account of a principal must be fulfilled according to the Rules, Regulations and Usages of the Stock Exchange and also in the case of TTCD Securities according to TTCD's rules.
- (2) Subject to TTCD's rules and in the case of TTCD Securities, bargains on the Stock Exchange shall be regarded as inviolable and any bargain either between clients and members, or between members, and the contracts leading to such bargains may be annulled only by the Exchange who shall only entertain applications for misrepresentation, or on *prima facie* evidence of such material mistake in the bargain as in their judgement renders the case one which is fitting for their adjudication.
- (3) A member may not accept instructions or adopt any procedure which would in any way or for any purpose override his duty to execute such a transaction to the best advantage of his client according to his judgment at the time of dealing.
- (4) No member company shall have the power to revoke a completed purchase or sale bargain
- (5) A member company's client shall adhere to the terms and conditions of any order to buy or sell securities howsoever properly given.

### Rule - 201 Permitted dealings (Amended 8<sup>th</sup> January 2003)

- (1) Dealings are generally permitted in the following securities:
  - (a) securities which the Stock Exchange has admitted to the Official List, excluding those with restricted listing, and which are not the subject of Stock Exchange Notice suspending or canceling the listing or suspending dealings;
  - (b) securities which have been granted a primary listing on an Overseas Stock Exchange; provided that in the case of TTCD Securities dealing is only permitted in securities vested in TTCD.
- (2) Bargains may be made with special permission of the Stock Exchange in securities of public companies or corporate bodies not falling within the categories stated in rule 201(1).
- (3) In case of exceptional circumstances application for permission to dispense with the forms provided by the Operations Department or the Market Floor may be made to the Stock Exchange.
- (4) Prices of transactions effected under sub-rule (2) shall be marked in a special section of the Official List, headed Unlisted Securities.
- (5) Except as provided in sub-rules (1), (2) and (3) dealings are not permitted in any securities until the date from which admission to listing becomes effective.

### Rule - 202 Permitted bargains and bargain conditions (Rescinded 18<sup>th</sup> March 2005)

### Rule - 203 Ex-Condition dealing (Amended 16<sup>th</sup> October 2008)

- i. Securities included in the Official List shall be made ex-dividend for the two (2) business days immediately preceding the record date or the date of the closing of the register/transfer books.
- ii. Registered debentures or bonds shall trade in accordance with the Rules and Regulations of the Stock Exchange.
- iii. On receipt of official information canceling the declaration of a dividend any notice posted making the security ex-dividend under this rule shall automatically be cancelled and be deemed to have been void and of no effect. In the event of such information the Stock Exchange shall immediately publish a notice in the Official List. Bargains made ex-dividend shall not be adjusted, but any deduction from the purchase price of securities in respect of a dividend that has been cancelled shall be refunded.

### Rights, capitalization and other distributions

- iv. All registered securities which are the subject of a rights or capitalization issue or other distribution shall be made ex for the two (2) business days immediately preceding the record date or the date of the closing of the register/transfer books.
- v. No dealing ex-dividend, ex-rights, ex-capitalisation or ex any other distribution shall be permitted other than in the period specified under this rule by the Stock Exchange.

**Rule - 204                                      Definitions for dealing procedures (Rescinded 18.03.05)**

**Rule - 205                                      Trading Sessions (Rescinded 18.03.05)**

**Rule - 206                                      Call Over Procedures (Rescinded 18.03.05)**

**Rule - 207                                      Matching in sequential calls (Rescinded 18.03.05)**

**Rule - 208                                      Simultaneous Calls (Rescinded 18.03.05)**

**Rule - 209                                      Close of dealing (Rescinded 18.03.05)**

**Rule - 210                                      Bargains put-through the market**

- (1) When a broker receives an order to buy and at the same time receives an order to sell (or vice versa) the same security, and these orders originate either from one client or from clients who are associated with each other these orders may be construed to be matching orders and may be put-through the market, i.e. the broker may execute the buy/sell orders simultaneously in the market, with the consent of the Stock Exchange, and the market shall not have the right to take any portion of the broker's business.
- (2) For the purpose of this Rule 'clients who are associated with each other' applies to:
  - (a) members of the immediate family of any person, i.e. the spouse, parent, grandparent, brother, sister, children, including stepchildren and the spouses of those persons;
  - (b) subsidiaries of the same holding company;
  - (c) parties involved in share transactions where there is no change in beneficial ownership.
- (3)
  - (i) When a broker receives an order that does not satisfy the associated client conditions as defined in sub-rule (2) of this rule and in his judgement the order be deemed a special case, the broker will make an application to the Board of Directors of the Stock Exchange for its consideration. If he obtains the agreement of the Board that the order is deemed a special case, the broker may then arrange to have the transaction put-through the market.
  - (ii) When the Board receives a request from a broker on behalf of the Government to effectuate a transaction for the purposes of divestment or restructuring, the Board will allow the transaction to be put-through the market.
- (4) The following procedures shall apply to brokers when making an application for a put-through
  - (a) all put-through orders must be submitted to the Stock Exchange (addressed to the General Manager) for study and deliberation, not later than 12:00 noon on any regular business day;
  - (b) all put-through orders submitted to the Stock Exchange must be initialled and placed by a registered Stockbroker or an authorised dealer of the company and no one else;
  - (c) all put-through orders submitted to the Stock Exchange must be typewritten and duly signed by the registered stockbroker or authorised dealer of the member company. Moreover, each order must bear the official stamp of the member company;
  - (d) the General Manager shall make representation to the Board on the member company's behalf giving full details of the put-through request.
- (5) The General Manager shall give all the member companies at least twenty-four hours prior notice of the put-through on the market.
- (6) The business shall be put-through the market, and the bid and offer shall be entered accordingly in the market, subject to any conditions that may be laid down by the Board.
- (7) The put-through transaction and the transactions associated with it will be marked as such on the ticket summary, and recorded accordingly on the trading summary and in the Official List.

**Rule - 211                                      Market Floor discipline**

- (1) No persons other than members, authorised dealers, and Stock Exchange officials shall be permitted entry to the trading floor of the Stock Exchange during trading sessions, provided that trainee authorised dealers may be permitted access for appropriate limited period subject to application by the member company to the Stock Exchange, and the Stock Exchange's approval of such application.
- (2) Smoking and the taking of refreshment shall be prohibited on the trading floor of the Stock Exchange.

**Rule - 212****Dealing and account periods**

- (1) The dealing period shall be defined as the number of sequential business days in respect of which all bargains in such types of security as the Board shall specify, shall, in the absence of special bargain conditions related to settlement date, be settled, simultaneously on a defined day.
- (2) The dealing period shall be one day.
- (3) The settlement period shall be defined as the period from the first business day after the end of the dealing period until the account day for the normal settlement of bargains transacted in that dealing period.
- (3) The settlement period shall be three (3) business days. In the event of either dealing or the settlement periods being altered, the Exchange shall give to member companies three (3) months notice of their intention.
- (4) Bargains in all securities shall be dealt for settlement on the account day following the end of the dealing period in which the bargain was dealt, provided that bargains may be dealt under the special conditions permitted by rule 201.
- (6) The Exchange may, should exceptional circumstances so require, postpone an account day, either in respect of all bargains made in a specified dealing period, or in respect of bargains in a specified security or securities.

**Rule - 213****Good delivery (Rescinded 18.03.05)****Rule - 214****Validity of transfers (Rescinded 18.03.05)****Rule - 215****Power of attorney**

- (1) Any transfer of securities exercised under a power of attorney or administrator of an estate shall bear an endorsement to the effect that the power of attorney, probate, or letters of administration have been exhibited to the company, Government, or other authority to whose securities the transfer relates.
- (2) Any transfer of securities executed under a power of attorney shall be accompanied by a statutory declaration of the non-revocation of such power of attorney at the time of signing of the transfer, or shall bear an endorsement by the company, Government or other authority to whose securities the transfer relates, that the declaration or statement has been lodged with such company, Government or other authority.

**Rule - 216****Securities under disability**

In cases where any security is, by or pursuant to the law of any country, placed under a disability not applicable to all other securities of the same issue, the buyer may submit the case to the Exchange which may, if in its opinion circumstances warrant such action, require the security in question to be returned and substituted.

**Rule - 217****Certification of Transfer Forms (Rescinded 18.03.05)****Rule - 218****Dispute as to title**

When an official certificate of registration has been issued the Stock Exchange will not, unless bad faith is alleged against the seller, take cognizance of any subsequent dispute as to title until the legal issue has been decided.

**Rule - 219****Buying In and Selling Out (Rescinded 18<sup>th</sup> March 2005)****Rule - 220****Stock Exchange Official List**

- (1) The Official List shall contain a record in such form as the Stock Exchange shall determine of the bargains in each security transacted by members, and of the nominal market quotations agreed in the most recent dealing session, together with such other Market intelligence as the Stock Exchange deems fit. The Stock Exchange may make such provision for the recording of bargains in inactive listed securities without prejudice to the validity of the listing of such securities.
- (2) No list or record of market prices or dealings shall be published unless such prices or dealings are those published in the Stock Exchange Official List and unless the source of the information is stated as such, and the date of the original publication of the prices is stated.

**Rule - 221**                      **Marking of bargains (Rescinded 18.03.05)**

**Rule - 222**                      **Foreign shareholder report**

- (1) The Exchange shall set up rules to receive a report once every quarter from each listed company of the proportion of shares of each class held by Foreigners.
- (2) Repealed 18<sup>th</sup> March 2005.

**Rules 223 to 230 were adopted as at 18.03.2005.**

**Rule - 223**                      **Valid Trading Days (Amended 28<sup>th</sup> February 2008)**

Continuous trading will commence at 9:30 a.m. every Monday through Friday, such days not being Carnival Monday or Tuesday or Statutory Holidays.

**Rule - 224**                      **Trading Sessions**

Each Valid Trading Session will have the following trading sessions with the corresponding operational times:

| <u>Trading Sessions</u> | <u>Start Time</u> | <u>End Time</u> |
|-------------------------|-------------------|-----------------|
| Pre-Open                | 8.00 a.m.         | 9.30 a.m.       |
| Open                    | 9.30 a.m.         | 12.00 p.m.      |
| Pre-close               | 12.00p.m.         | 2.00p.m.        |
| Close                   | 2.00 p.m.         | Not Applicable  |

**Rule - 225**                      **Entering the Orders**

- (1) There will be no trading in any listed security during the pre-open or pre-close sessions. However during such sessions, only authorized personnel from a member firm is permitted to enter orders into the system.
- (2) On any designated trading day, Brokers may during the pre-open session, enter orders into the system, which will be the basis used to calculate the opening trade price for each security.
- (3) Orders entered into the system during the pre-open and pre-close sessions, on any designated trading day will not be processed or matched. However, once the market opens, such orders will be queued based on normal queue priority procedures, with all other incoming orders.
- (4) Market Orders cannot be entered during the pre-open or pre-close sessions.

**Rule - 226**                      **Continuous Trading.**

- 1) Once the market is open for continuous trading, the purchase or sale of any security would be determined in the sequence of price, source and time.
- 2) Time restricted orders (Day Orders) will automatically be purged by the system. Any orders that are Good Till a later date/time will be automatically carried over to the next trading session.

**Rule - 227**                                                 **Closing of Market (Amended 6<sup>th</sup> June 2011)**

- (1) The closing price of a share listed on the First Tier, Second Tier and Mutual Fund markets of the Exchange is the Volume Weighted Average Price, calculated as the total value of shares traded in the day divided by the total volume of shares traded in the same trading day.
- (2) If a share listed on the markets referred to in (1) does not trade in a trading day, the closing price will be the same as the closing price of the previous day.

**Rule - 228**                                                 **Confirmation of Trades**

- (1) Notwithstanding the generality of Exchange Rule 112, the Exchange will, after each trading session, prepare and dispatch to each member firm, a ticket summary report which shall contain details of all transactions executed by the member on any given trade day.
- (2) Upon receipt, of the ticket summary report from the Exchange, each member firm will verify the accuracy of the information contained therein, and return the signed copy of the report within twenty-four (24) hours, to the Exchange.
- (3) In the event of a failure by the member firm to return the signed copy of the ticket summary report, within the stipulated timeframe, the Exchange will consider all the executed transactions to be valid.
- (4) If after reviewing the ticket summary report, a member firm disagrees with a particular trade/(s) such member should immediately notify the Exchange in writing, with the details of the questionable trade(s), and the Exchange will, as soon as practicable, investigate and make a determination in the matter.

**Rule - 229**                                                 **Foreign Shareholder Quotations**

As it pertains to the Foreign Investment Act (1990) which states that foreign investors are permitted to own up to 30% of the share capital of a local public company without a licence, it is the responsibility of Member Firms to ensure that all orders received from foreign clients conforms with the provisions of the Act.

**Rule - 230**                                                 **Volume Disclosure**

No member firm shall trade under these special conditions without first seeking and obtaining the consent of the Exchange. In granting the consent, the exchange will be guided by the following criteria in permitting trading with undisclosed volume.

- a) The total number of securities of the class to be traded that have been issued by the listed entity.
- b) The average lot size of trades in the security, in the previous twelve months.
- c) Trading with undisclosed volume should not be permitted except in respect of a block of securities that comprises no less than 30% of the average lot size determined by reference to trading in the security in the previous twelve months.

**Rule - 231****Error Account**

- (1) Except with the prior approval of the Trinidad and Tobago Stock Exchange Limited (the Exchange), no executed trade involving the purchase or sale of a security (or such portion thereof as may be executed) will be cancelled to correct an error.
- (2) If a member firm discovers subsequent to the execution of a trade that an error was made because of incorrect data with respect to the trade, the trade shall be accepted by the member for the firm's own account and the underlying securities and corresponding market value should be promptly recorded in an "Error Account" established specifically for that purpose. Such acceptance of the trade for their "Error Account" shall not prejudice the member's right to subsequently resolve or dispose of the security.
- (3) Security position valuations, that is, the marking to market of securities held in an "Error Account", should be made as of the date of the computation of the Liquidity Return and the unrealized gain or loss included in the capital computation of the firm.

## OPERATIONS OF MEMBER COMPANIES

### Rule - 300

### Transaction records

#### 1. Transaction records

Each member company shall maintain records expressed in Trinidad and Tobago dollars, foreign currencies to be stated in Trinidad and Tobago dollars at the exchange rate at the date of the transactions undertaken by the member company, of all transactions including particulars of:

- (a) all monies paid or received by the member company;
- (b) all purchases and sales of securities by the member company and the charges and credits arising there from including an analysis of all payments and claims made and received in relation to dividends and rights in respect of such transactions;
- (c) all transactions by the member company with or for the account of:
  - (i) each client excluding directors of the member company;
  - (ii) each director of the member company;
  - (iii) each member company of the Stock Exchange (including bargains to be settled through the Settlement Office);
  - (iv) each employee or agent;
  - (v) each member company of any overseas Stock Exchange;
- (d) all income and all expenses;
- (e) all assets and liabilities including contingent liabilities;
- (f) all securities which are the property of the member company, showing by whom they are held and whether, if held otherwise than by the member company itself, they are so held as collateral against loans or advances;
- (g) all securities which are not the property of the member company but for which the member company or any subsidiary company established under the rules and procedures of the Stock Exchange and controlled by it is accountable, showing by whom and for whom they are held and distinguishing between:
  - (i) those which are held for safe custody which must either:
    - A. be registered in the name of the client or other beneficial owner;
    - B. be registered in the name of the member company's subsidiary company;
    - C. be deposited in a specially designated safe custody account with any branch of an authorised bank, in such a way that the bank has no lien over or right of retention or sale of any of the securities;
  - (ii) those which are deposited with or otherwise pledged or charged to any third party as collateral available against loans or advances (present or prospective) to the member company or any company owned or controlled by the member company in which case such deposit pledged or charged must be authorised by the client or other beneficial owner concerned. Such authority must be in writing and must specify the period to which it relates;
- (h) all purchases and sales of foreign currencies;
- (i) a register of each account of directors' spouses, infant children and dealing companies under the control or beneficial ownership of the directors and their spouses. The member company shall submit with the copy of the documents required under sub-rule (16)(a) (i) a letter signed by the Chairman and Secretary stating that the register is up to date, and as far as they are aware complete. Except that, for the purpose of this paragraph, records shall not be deemed to be maintained in sufficient detail if there are no maintained up to date records to enable the directors:
  - (i) to verify at any time that they are in compliance with the requirements of sub-rule (12) and to draw up, within a reasonable time, accounts which comply with sub-rule (2);
  - (iii) to analyse at any time the member company's assets, liabilities, income and expenditure to comply with sub-rules (7), (8), (9) and (10).

#### 2.

#### Accounts to be prepared

Every member company shall cause to be prepared accounts, subject to the requirement of sub-rule (4) which shall include:

- (a) a balance sheet showing in accordance with provisions of this rule assets and liabilities of the member company and the directors' financial interest therein. The assets and liabilities shall be brought to account in the said balance sheet at amounts and shall be classified and described therein in such manner that the balance sheet gives a true and fair view of the affairs of the member company at the balance sheet date;
- (b) a profit and loss account complying with the provisions of this rule and so framed as to give a true and fair view of the profit or loss of the member company for the period from the date on which the member company began to trade

or as the case may be from the date of the previous balance sheet to the date at which the balance sheet is drawn up under sub-rule (2) (a):

- (c) capital computation in the form prescribed in Appendix VI.

3.

The disclosure of details required by sub-rules (4) to (10) may be made in note to the accounts that such accounts:

- (a) shall be signed by two directors on the face or reverse of the balance sheet as approved by the Board of Directors and shall be deemed to comply with this rule notwithstanding the transactions in securities since the close of dealing of the last settlement account are not included therein; and
- (b) shall show by way of note:
  - (i) the general nature of contingent liabilities and where practicable the aggregate amount, or estimated amount of any capital commitments;
  - (ii) the accounting policies followed for dealing with items which are judged material or critical in determining the profit or loss for the period and in stating the member company's financial position;
  - (iii) full particulars of any transactions which have been closed at the end of settlement account prior to the date of the balance sheet and opened immediately following settlement account.

4.

#### **Balance sheet date**

Each such balance sheet shall be prepared not more than three (3) months after the end of the financial year of the particular broking company or, as the case may be, the date on which the member company began to trade, whichever is the earlier.

5.

A member company desirous of changing its balance sheet date should notify the Stock Exchange of its intention to do so not later than ten (10) days following the passage of the relevant company's Board decision. Any such change of date shall not be permissible within a period of less than three (3) months prior to the then existing balance sheet date.

6.

Every new member company shall within one (1) month of the commencement of business notify the Stock Exchange of this practice regarding the date at which its balance sheet will be prepared in each year.

7.

Member companies shall disclose in their balance sheets the following which shall not be regarded as approved assets or ranking liabilities as defined in sub-rules (8) and (9) respectively:

- (a) the paid up capital of the member company;
- (b) capital and revenue reserves;
- (c) subordinated loans by each director;
- (d) total credit and total debit due to or from directors in respect of transactions in securities;
- (e) credit or debit balances on other accounts of each director;
- (f) amounts due to the member company, which relate to transactions in securities for the account of directors;
- (g) the aggregate amount of assets consisting of shares or interests in and amounts owing by subsidiary companies or organisations established under Stock Exchange Rules and Procedures by the member company or any of its directors distinguishing shares and interest from indebtedness;
- (h) amounts appropriately categorized of any other assets not qualifying under sub-rule (8);
- (i) such liabilities as have been agreed with the Stock Exchange.

8.

#### **Approved assets**

Without prejudice to the general requirements of sub-rule (2) each balance sheet and/or statement of financial condition shall show under separate headings the following classes of assets, which shall be approved assets:

- (a) money receivable in the ordinary course of Stock Exchange business excluding all amounts in respect of directors transactions, and consisting only of amounts due from:
  - (i) clients and/or employees who have not in any way rendered null and void their original contract with the broker which had at the balance sheet date been outstanding for not more than ninety (90) days, or settle against delivery of stock to the extent that such stock has not been delivered;
  - (ii) employees who are due to settle on account day which had at the balance sheet date been outstanding for not more than ninety (90) days or settle against delivery of stock to the extent that such stock has not been delivered;



- (iii) member companies, distinguishing between:
  - A. balances which had at the balance sheet date been outstanding for ninety (90) days or less;
  - B. balances in respect of open stock positions which had at the balance sheet date been outstanding for more than ninety (90) days; and
  - C. other balances which had at the Balance Sheet date been outstanding for more than ninety (90) days:
    - i. the Stock Exchange Settlement Office;
    - ii. member firms of overseas Stock Exchanges;
    - iii. foreign exchange dealers;
- (b) Certificates of Deposit issued by recognized banks which are redeemable within one year of the balance sheet date, Trinidad and Tobago Saving Bonds, Certificates of Tax Deposit, National Development Bonds and Treasury Bills;
- (c) money on deposit with a Local Authority, or a Non-Bank Financial Institution recognized by the Central Bank or Building Society which is encashable within one year of the balance sheet date;
- (d) balances on current or deposit account which are encashable within one year of the balance sheet date with branches of those banks specified authorised banks for Exchange Control purposes by the Central bank of Trinidad and Tobago; balances in foreign currencies must be shown separately from Trinidad and Tobago balances and shall distinguish:
  - (i) balances which are freely remittable to Trinidad and Tobago through a recognized banking system;
  - (ii) balances which may only be used in settlement of security transactions in the country in which the balances are held;
- (e) Trinidad and Tobago government securities and corporation stocks which may be listed in the Stock Exchange Official List. The aggregate market value of such securities must be stated;
- (f) securities listed on the Stock Exchange other than those referred to in (e) above, excluding any in which dealings have been suspended for more than three (3) weeks. The aggregate market value of such securities must be stated;
- (g) only 90 per cent of the aggregate market value of the securities included under the preceding paragraph (f) should be permitted for inclusion within the approved assets;
- (h) such other assets of the member company as may be agreed with the Board of the Stock Exchange, such agreement not to be unreasonably withheld.

## 9.

### Ranking liabilities

Without prejudice to the general requirements of sub-rule (2) each balance sheet and/or statement of financial condition shall show under separate headings the following liabilities, which shall be ranking *liabilities*, which shall be used in determining the minimum net capital requirement of the member company in their Liquidity Return:

- (a) amounts due to:
  - (i) clients;
  - (ii) employees;
  - (iii) member companies;
  - (iv) the Stock Exchange Settlement Office;
  - (v) member companies of overseas Stock Exchanges;
  - (vi) banks specifying the nature and market value of any security given and the fact, where applicable, that the security given is not the property of the member company, together with particulars by way of note, of any charge guarantee or indemnity given;
  - (vii) foreign exchange dealers;
- (b) any other liabilities which are secured, either by the deposit of securities or otherwise, specifying the nature and market value of the security at the date of the balance sheet and the fact where applicable that the security given is not the property of the member company, together with particulars by way of note, of any charge guarantee or indemnity given;
- (c) aggregate amount due to any subsidiary company established under the rules of the Stock Exchange;
- (d) the total amount of the companies tax (or a fair estimate thereof) payable or expected to be payable on the whole of the profits up to the balance sheet date;
- (e) the amount, if any, by which the sum at which securities ranking as approved assets under sub-rule (8) are brought into account exceeds their aggregate market value;
- (f) the amount of any loss which the member company could incur at the balance sheet date in respect of transactions to be settled in overseas currencies, where the member company has not covered the relevant amount by a forward purchase or sale of currency, and the amount of any loss were there to be substituted for

the rates of exchange employed in the accounts the rate ruling in Trinidad and Tobago at the date of the balance sheet;

- (g) the amount of any accumulated losses, so far as they concern the member company or any of its directors, of any subsidiary company or organization established under the Rules of the Stock Exchange which are not covered by the investment in the organisation or company respectively;
- (h) the amount of any foreseeable losses from bad or doubtful debts or from any other causes;
- (i) all other liabilities of the company apart from those specified in sub-rule (9) separately designated where material;

**10. Profit and loss account**

Without prejudice to the general requirement of sub-rule (2) (b), the profit and loss account shall show under separate headings:

- (a) gross commission earned;
- (b) commissions share and paid away;
- (c) interest receivable;
- (d) interest payable on:
  - (i) bank loans and balances;
  - (ii) all other loans;
- (e) the charge in respect of bad or doubtful debts;
- (f) other provisions;
- (g) audit fees (including expenses);
- (h) other material items of income and expenditure in reasonable detail;
- (i) the net profit before tax.

- 11.** If any times of the nature described in sub-rule (10 (e) and (f) above have been dealt with other than through the profit and loss account, the particulars and amount involved shall be stated by way of note.

**12. Liquidity return**

- (a) Definitions-For the purpose of this sub-rule:
  - "net worth" means total stockholder's equity increased by liabilities subordinated to claims of general creditors (subordinated loans);
  - "net capital" means the net worth of a member company reduced by all non-approved assets and other charges;
  - "excess net capital" means net capital reduced by the minimum capital required to be maintained as determined by sub-rule (12) (b)
  - "non- approved assets" means those assets which cannot be readily into cash, and or because of their nature are not approved assets as defined in sub-rule (8).
  - "ranking liabilities" have the same meaning as defined in sub-rule (9).
- (b) No member company shall permit:
  - (i) its ranking liabilities to all other persons to exceed 1,000 percent of its net capital except as otherwise limited by the provisions of sub-paragraph (ii) of this paragraph.
  - (ii) its ranking liabilities to all other persons to exceed 400 per cent of its net capital for twelve (12) months after commencing business as a member company, except as other wise provided for in sub-paragraph (i) of this paragraph.
  - (iii) Its minimum capital requirement to be:
    - A. \$50,000 for each registered stockbroker and \$25,000 for each authorised dealer in the member company,
    - or
    - B. An amount which is equivalent to 10 per cent of its ranking liabilities, whichever is greater.
- (c) The minimum capital requirement required in accordance with sub-rule (12) (b) (iii) above shall be maintained not only in the member company itself but also after consolidation of all subsidiary companies and organisations established under the Rules of the Stock Exchange for whose debts and obligations the member company or any of its directors is liable.

13.

**Audit of accounts**

- (a) The accounts of the company which have been prepared in accordance with sub-rule (2) shall be examined by an auditor to whom shall be made available all the books and records of the company and all such explanations and other information as he may require for the purpose of carrying out under this procedure such examinations as will enable him to meet the requirements of sub-rule (15).
- (b) Each member company shall on at least one date to be determined by the member company in consultation with its accounts and which may coincide with the balance sheet date, circulate to those member companies and those of its clients as the auditor may select, a request, returnable direct to the auditor, for positive confirmation of all balances outstanding with each such member company and client at that date.

14.

**Qualifications**

- (a) For the purpose of this procedure "auditor" means a person/firm who is:
  - (i) in public practice;
  - (ii) independent of the member company; and
  - (iii) a member in good standing of the Institute of Chartered Accountants of Trinidad and Tobago.
- (b) If the auditor of a member company fails to adhere to generally accepted accounting principles and practices, financial statement disclosure, auditing scope or procedure, or comply with applicable Rules and Regulations of the Exchange, the Stock Exchange may request the member company to replace its auditors. Should the member company refuse or fail to comply with the request, the Exchange may prohibit the member company from continuing to do business.

15.

**Auditor's report**

- (a) The auditor shall provide the member company with one signed copy of the auditor's report addressed to the Stock Exchange. The said report shall be in conformity with such Rules, Regulations and Procedures of the Stock Exchange as may be in effect from time to time.
- (b) The auditor shall also provide the member company with a signed copy of a report addressed to the Stock Exchange stating whether, in his opinion, from the information contained in the member company's books and accounts, and subject to such reservations as he considers appropriate, at the date of the balance sheet, was in compliance with the Rules of the Exchange.

16

- (a) The member company shall submit to the exchange accountant selected under sub-rule (17)] with a copy to the Stock Exchange within four months after the balance sheet date:
  - (i) one copy of its accounts prepared under sub-rule (2) together with a copy of the auditor's report as specified in sub-rule (15);
  - (ii) one copy of the accounts and reports of any subsidiary companies formed under the Rules of the Stock Exchange.
- (b) The member company shall in addition submit to the exchange accountant and to the Stock Exchange as soon as it is available, one copy of the accounts sent to its shareholders in accordance with the Companies Act for the time being in force and the standing Rules, Regulations and Procedures of the Stock Exchange.

17.

**The exchange accountants**

- (a) The stock exchange shall from time to time appoint two or more firms of professional accountants as exchange accountants and:
  - (i) every member company shall submit its accounts to the exchange accountant which the Stock Exchange may select;
  - (ii) the exchange accountant shall be deemed to be authorised by the member company to obtain direct from the member company's auditor reporting on the accounts any information or explanation which he may consider necessary for the purpose of carrying out his duties under paragraph (b) below;
  - (iii) the exchange accountant selected shall not be either the member company's auditor or the member company's tax adviser.
- (b) In any case where the information obtained under sub-rule (17) (a) above or any other matter arising out of his enquiries leads the exchange accountant to consider that further information should be obtained by the Stock Exchange regarding the member company's state of affairs, he shall report accordingly to the Stock Exchange. All such reports shall be deemed to have been authorised by the member company concerned.

- (c) All accounts and other information obtained by the exchange accountant under this sub-rule shall be retained by the exchange accountant and shall be regarded as confidential to him to any body or person except as the exchange accountant may consider necessary for the purpose of any report he may make under sub-rule (17) (b) above.

**18**

- (a) Members and authorised dealers shall attend the Stock Exchange when required and shall give such information as may be in their possession relative to any matter under investigation including such accounts and information as to their member company's finances as the Stock Exchange may consider necessary. In addition, the Stock Exchange may require the periodic submission of information relating to the minimum capital required to be maintained under the provisions of sub-rule (12).
- (b) If, as a result of information obtained under sub-rule (18)(a), or should a member company fail to comply with the rule as outlined in Rule 301, the Stock Exchange if it so deems necessary, may suspend the member company, or any of the directors or employees thereof, from trading on the Stock Exchange in any manner whatsoever, and/or impose any other fitting sanction as it considers warranted under the circumstances.
- (c) In the event of a member company being required to provide special information to the Stock Exchange as a result of its failure to maintain proper books and if it so deems necessary, may appoint an accountant under sub-rule (17) to assist the member company in resolving the matter and the member company may be required to reimburse the Exchange all or part of the costs which it may have incurred under the circumstances.

**Rule - 301**

**Liquidity Return**

- (1) Unless the Stock Exchange shall otherwise permit, all member companies shall prepare a liquidity return each quarter summarising the accounts required by Rule 300 in the form prescribed in Appendix VI.
- (2) Member companies shall notify the Stock Exchange of the quarterly dates in which the returns are to be made up. One of the dates notified shall coincide with the date at which the member company's accounts are prepared.
- (3) Each liquidity return shall be submitted to the exchange accountant within one calendar month of the date at which it is made up. A copy of each return shall also be submitted within one calendar month to the member company's auditors.
- (4) The exchange accountant shall be deemed to be authorised by the member company to obtain direct from either the member company's auditors or the member company itself as appropriate any information or explanation which he may consider necessary to carry out a review of the member company's state of affairs as revealed by the liquidity return. The provisions of rule 300, sub-rule (17)(b) apply.
- (5) The Stock Exchange assumes that member companies as a matter of normal accounting control strike a trial balance of their accounts each month within two weeks of the month end. In the event that the Stock Exchange, advised by the Stock Exchange accountants, considers the circumstances of either the member company or the market to warrant it, the Stock Exchange may require any member company or companies to submit monthly capital computations.

**Rule - 302**

**Minimum commission**

- (1) A member company shall charge its client's commission in respect of every bargain made on his behalf and in respect of every service for which a charge is prescribed. The commission must be charged at not less than the rates laid down in sub-rule (3)(a) of this rule, and no reduction thereof may be allowed except as authorised by these rules. In the event that a member company acts both for the selling and buying client, each of them shall be charged commission at the prescribed rates. Except that:
- (a) this rule shall not apply to or restrict dealings or the sharing of commission between member companies, or to the sharing of commission between a member company and its overseas organisation where not less than 75 per cent of the capital of the Overseas Organisation is beneficially owned and controlled by the member company or by its directors.
- (b) the commission in respect of bargains for put-throughs and with respect to the Unit Trust and any other such institution as the Board may from time to time determine, shall be within the terms of such transactions to be approved by the General Manager, and the commission scale in sub-rule (3) of this rule shall not necessarily apply.
- (c) that each member company sponsoring a new issue or acting as a broker to a new issue may charge commission at discretion in respect of the services performed in such issue.
- (d) that where a member company has prepared a valuation for probate and charged a fee it may to the extent that it subsequently earns commission from business received from the estate, remit all or part of the fee charged.
- (2) In approving the commissions described in sub-rule (1), the General Manger shall be guided by conventions laid down by the Board, and, in event of dispute between the General Manger and the broker handling such business, the matter shall be immediately referred to the Board.

#### **Rates of commission**

- (3) The rates of commission chargeable shall be:
- a) registered ordinary shares, preference shares and convertible loan stocks:
    - (i) 1.5 per cent on the first \$50,000 consideration;
    - (ii) 1.25 per cent on the next \$50,000 consideration;
    - (iv) 1 per cent on the excess;
  - (b) all other securities or evidence of indebtedness, except those described in (a) above, the Stock Exchange will set the rates when appropriate and shall cause such rates to be published from time to time, prior to the implementation of such rates.

#### **Commission overseas securities**

- (4) Commission in respect of dealings in overseas shares or securities which are not quoted on the Official List shall be charged at the rates applied by the recognised Stock Exchanges overseas through which such securities are transacted.

#### **Rule - 303**

#### **Transactions overseas currencies**

- (1) The rates of commission on transactions effected in overseas currencies are chargeable as follows:-
- (a) where the transaction is to be settled by the client in Trinidad and Tobago dollars the rate of commission is to be calculated on the Trinidad and Tobago dollar equivalent of the overseas currency price at the exchange;
  - (b) where the transaction is to be settled by the client other than in Trinidad and Tobago dollars, the rate of commission is to be calculated on the Trinidad and Tobago dollar equivalent of the overseas currency price at the effective rate of exchange which is relevant.

#### **Rule - 304**

#### **Continuation bargains**

A buying or selling order which is confirmed between the member company and its principal but which is executed in the Market in a series of bargains which comprise the total order, shall be considered a "continuation" order, and the member company may charge commission based on the total value of the transactions comprising the continuation order, provided that all such transactions are completed within one calendar month.

#### **Rule - 305**

#### **Commission sharing**

A member company may only share commission with an agent whose name appears on one of the registers kept in accordance with rule 306, with an employee or with a recognized stockbroking organization who is a member of an overseas Stock Exchange.

#### **Rule - 306**

#### **Registers of agents**

- (1) A member company may share commission with agents whose name have been included in the following registers maintained by the Board provided that commission has been charged at the rates laid down in rule 302(3):
- (a) a register of banks which will be open to commercial bank, trust companies and other financial institutions as approved by the Board. The share of a commission actually retained by a member company who shares its commission with an agent included in this register shall not be less than two-thirds of the commission specified in rule 302(3), provided that where the agent provides both buyer and seller, only one-half may be retained;
  - (b) a register of overseas representatives which shall be open to member companies' overseas representatives resident outside Trinidad and Tobago. A member company may remunerate any such overseas representative with a share not exceeding one-third of the commission chargeable to the principal he introduces where such commission is charged in accordance with rule 302(3).
- (2) A member who shares its commission with an agent included in these registers specified in this rule shall render a contract note in the name of the agent, to the agent, stating that the commission charged is divisible with such agent. Such contract note must not be rendered "net". (see rule 307)

- (3) Application for inclusion in these registers specified in this rule shall be made in accordance with Appendix VII, and the Stock Exchange shall determine the qualifications necessary for entry and retention on these registers.
- (4) A member company may not share its commission with an agent:
  - (a) when the agent's share is divided with or allowed to his principal or any other person;
  - (b) when the commission is charged on the agent's own personal business.

**Rule - 307**

**Net contracts prohibited**

The commission charged must be shown on every contract between a member company and its client and "net contracts", meaning contracts in which the commission or part of the commission is added to or subtracted from the buying price or the selling price respectively, are prohibited and shall not be made.

**Rule - 308**

**Restrictions on dealing by members**

- (1) A stockbroker shall not transact with any member company, a bargain intended to be concealed from that of his own member company, and a member company shall not deal for a stockbroker of another member company without first obtaining the consent of that person's member company. Such consent shall be in writing, and member companies shall include in their own regulations provision, which shall ensure compliance.
- (2) A stockbroker shall not withhold from or misrepresent to his own member company particulars of the client on whose behalf he deals.
- (3) A stockbroker shall advise any member company to which he gives dealing instructions, including his own, if he has a beneficial interest in a bargain to be transacted by that member company.
- (4) A member company shall not carry on business for or with a person who has been expelled from the Stock Exchange, or who after ceasing to be a member from any cause becomes a bankrupt.

**Rule - 309**

**Market contract note (Rescinded 18<sup>th</sup> March 2005)**

**Rule - 310**

**Settlement between member companies**

All bargains dealt in the Market shall be between member companies, and a member company shall not be obliged to take a reference for payment to a non-member, nor shall it be obliged to pay a non-member for securities bought in the Stock Exchange.

**Rule - 311**

**Account delivery and payment (Rescinded 18<sup>th</sup> March 2005)**

**Rule - 312**

**Contract note or Confirmation Notice**

Without prejudice to the generality of section 112(2)(d) of the Act a contract note or confirmation notice, shall have imprinted the words "Subject to the provisions of the Rules of the Trinidad and Tobago Stock Exchange" together with identification of the member company and the words "Member of the Stock Exchange."

**Rule - 313**

**Obligations in purchase bargains (No longer applicable post TTCD implementation)**

**Rule - 314**

**Obligations in sold bargains (No longer applicable post TTCD implementation)**

**Rule- 315**

**Defaulting clients obligations (No longer applicable post TTCD implementation)**

**Rule - 316****Claims general**

- (1) In the following rules related to benefit claims:
  - (a) the prefix "ex" placed immediately before a distribution or benefit means that the bargain was dealt exclusive of distribution or benefit;
  - (b) the prefix "cum" similarly implies inclusion of the distribution or benefit;
  - (c) the term "books close date" means the last day on which renounceable documents or transfers will be accepted by the Registrar of the Company for registration cum benefit, or for splitting, if that is earlier;
  - (d) "delivery in time for registration" in respect of a security being the subject of a distribution or benefit relative to which the register of members is situated in Trinidad and Tobago, such delivery being between broker and broker, means receipt of documents by the buyer two clear business days before the books close date.
  - (e) "delivery in time for registration" in respect of a security having no register situated in Trinidad and Tobago shall be promulgated by Board Notice.
- (2) All registered securities which are the subject of a distribution or benefit shall in accordance with rule 203 be dealt ex such distribution or benefit for the three (3) business days prior to the books close date.
- (3) Where the original selling client has sold cum benefit, he shall be responsible to the buying client who is the beneficial owner at the books close date for the amount of the dividend rights or other interest accruing to the securities sold. Member companies shall afford mutual assistance in the recovery of dividends, rights, or other interests on behalf of a beneficial owner who is entitled to the benefit but whose transfer has not been registered.
- (4) A member company making claims on behalf of clients, or on behalf of its nominee, shall do so by issuing such claims to the original selling broker or brokers. A claim shall -
  - (a) quote the ticket number reference of the bargain from which the claim arises;
  - (b) state the amount of the claim;
  - (c) state the date on which the company's books closed to determine shareholders entitled to dividends or other benefits;
  - (d) state the date of good delivery of the securities.
- (5) Any payment related to dividend claims, or claims for other benefits, shall be made by a separate cheque and shall not be included in a statement for delivery.
- (6) The beneficial owner of the shares registered in the name of a nominee company shall be responsible to the buyer for claims made in respect of dividends, rights, bonuses and other benefits. The nominee company shall, on demand, disclose the beneficial owner as shown in its register to the claimant.

**Charges for claims**

- (7) The following charges shall be made on clients for collection of dividends capitalisations, rights or other benefits under this rule:
  - (a) where a claim is raised within six (6) months of delivery of the scrip, the charge shall be 1 per cent with a minimum charge of \$10.00;
  - (b) where a claim is raised more than six (6) months after delivery of the scrip, the charge shall be 2 per cent with a maximum charge of \$10.00;
  - (c) in respect of all claims for bonus issues, a collection charge of \$5.00 per certificate, not exceeding \$10.00 on any one claim, is to be levied by the collecting broker on the client.

**Rule - 317****Settlement of cum rights bargains**

- (1) Transactions in securities which are the subject of a rights issue shall be accepted by the Registrar of the listed company for registration cum right on or before books close date except that they shall be dealt ex-rights in accordance with rule 203 during the three business days prior to books close date, new securities issued in respect thereof.
- (2) A client who has sold rights shall be responsible for effecting delivery to the member company which has sold the rights on his behalf for transmission of the rights to the purchaser cum rights who shall be entitled to any renounceable documents, or to the new securities in respect thereof.
- (3) It shall be good delivery in respect of bargain cum rights if the certificate of the "old" stock duly transferred, together with a renunciation form in respect of the rights signed by the transferor, has been delivered to the buyer's broker not later than three (3) business days before the books close date.
- (4) Where securities cum rights have not been delivered by three (3) business days prior to the books close date, then provided that the buyer claims any renounceable documents in writing not less than five (5) business days before that day (or if the latest time for splitting renounceable documents is earlier than that day, then at such earlier time as will enable the seller to obtain any necessary split renounceable documents), then the seller shall be bound to deliver the renounceable documents duly renounced in time for registration.

- (5) If the claim is made not later than the time for claiming referred to in sub-rule (4) above, but the seller does not deliver in accordance with that sub-rule then
  - (a) in the case of nil-paid renounceable documents the seller shall take all necessary steps to prevent the rights lapsing and if they are allowed to lapse the buyer shall be entitled to deduct their value to be fixed by the Stock Exchange, up to the highest value at which nil-paid renounceable documents were traded during the period of dealing in them, from the consideration for the bargain;
  - (b) in the case of fully-paid renounceable documents the buyer may require the seller to deliver the new securities instead, into the name of the buyer, or into the name of any subsequent buyer in case there has been a further sale for delivery in renounceable form.
- (6) If such claim is made after the time for claiming referred to in sub-rule (4) above then:
  - (a) in the case of nil-paid renounceable documents provided the claim is made before the time on the books close date fixed for the receipt of the acceptance, the seller shall do all he reasonably can to prevent the rights lapsing and to transfer them to the buyer; if the seller sells or has sold the rights the seller shall be liable for the proceeds of the sale of the rights; a claim made after the time for receipt of the acceptance shall be invalid;
  - (b) in the case of fully-paid renounceable documents -
    - (i) if they or the new securities issued in respect thereof are in the possession of the seller he shall nonetheless according to the wish of the buyer, deliver the documents fully renounced or the new securities; and
    - (ii) if the documents or new securities are not in the possession of the seller, he shall render every assistance to the buyer in tracing them.
- (7) If the buyer has not received delivery of nil-or partly-paid renounceable documents by 12.00 noon three (3) business days before books close date he may at any time not later than 12.00 noon on the day two days before the books close date give the seller notice that he does not wish to accept the offer or make the next payment (as the case may be).
- (8) If nil-or partly-paid renounceable documents have not been delivered by 12.00 noon two business days preceding acceptance day and if the notice mentioned in sub-rule (7) above has not been given, the seller shall be bound at the request of the buyer to make all due payments on behalf of the buyer, and the buyer shall refund all such payments. Such a request shall be implied where the buyer has made a claim [under sub-rule (4) above].

#### **Rule - 318**

#### **Settlement of cum-capitalisation bargains**

- (1) Where a member company purchases any listed securities cum capitalisation, on behalf of a client, it shall make best effort to secure the benefit of capitalisation for the client.
- (2) Transactions in a registered security which become the subject of a capitalisation issue in accordance with rule 203 be dealt ex capitalisation for the three (3) business days prior to the last date on which the Registrar to the Company will accept transfers of allotment letters for registration cum capitalisation (books close date).
- (3) Where a capitalisation issue is made by means of a renounceable document to the holders of old securities a buyer of the old securities cum capitalisation, who makes a claim in writing for the benefit of the capitalisation not later than three (3) business days before the books close date shall be entitled to receive the renounceable documents duly renounced on the second business day before the books close date.
- (4) Where a capitalisation issue is made by means of a non-renounceable document, a buyer of old securities cum capitalisation who makes a claim in writing for the benefit of the capitalisation not later than three (3) business days before the books close date shall be entitled to receive a transfer of the old securities not later than the second business day before the books close date.
- (5) The Stock Exchange will, on application, fix a price which a buyer of old securities "cum capitalisation" may deduct from the purchase money of the old securities until the new securities are delivered.



**Rule - 319****Settlement of dividend claims**

- (1) Transactions in a registered security in which a dividend has been announced, shall in accordance with rule 203 be dealt ex dividend for the two (2) business days immediately preceding the record date or the date of the closing of the register/transfer books.
- (2) It shall be the responsibility of the buying broker to observe whether a cum dividend purchase is registered in time for his client to obtain the dividend; if his client is not so registered the buying broker will, within (3) business days of the books close date make an appropriate claim on the selling broker.
- (3) The client who has sold cum dividend and to whom the dividend is paid due to late registration of the buyer, shall on request from the broker who transacted the sold bargain, make over the dividend to that broker forthwith on payment of the dividend by the company.
- (4) On receipt of the dividend from the selling client, the selling broker will immediately settle with the buying broker who shall pay to the client the dividend due to him.
- (5) The Stock Exchange shall be notified of all dividend claims made on member companies which have been outstanding.
- (6) Where a company declares a dividend in cash with a share alternative or in shares with a cash alternative buyers wishing to opt for the alternative offer must give notice in writing to sellers not later than ten (10) business days before the last date given by the company for expressing that option. If no notice has been given by that day all claims will be settled in the form the dividend was declared and not in the alternative form.

**Rule - 320****Statement inter company balances**

- (1) Each member company shall, on the eleventh business day following the last business day of each month, issue to every other member company a complete statement of balance, detailing the bought and sold stock positions from bargains for settlement on or before the last day of the previous month which are still open.
- (2) A copy of the statement shall be delivered to the Stock Exchange who will immediately record receipt in a register. If applicable, a statement of nil balance should be issued to each member company with a copy to the Stock Exchange.
- (3) Member companies shall within three (3) business days advise the issuing member company of any unreconciled or unrecorded item, or certify (by endorsement) the statement as correct and return it to the issuing member company.

**Rule - 321****Use of brokers account to effect delivery**

- (1) A broker may borrow securities from its broker's account for the purpose of making delivery, in the case of failure to receive securities required to be delivered. The borrowing must, however, be related to an actual delivery in connection with a specific transaction that has already occurred, and not in anticipation of some need that may or may not arise.
- (2) This provision does not authorize any broker to use its broker's account to effect delivery without the consent of the Exchange. Any request to use a broker's account for such purposes must be submitted to the Exchange and in writing.
- (3) Notwithstanding the foregoing, when a security held in a broker's account is used to effect delivery, such security shall be replaced by the broker within ten (10) days after the date from which Exchange permission was granted, and it is the responsibility of the broker to notify the Exchange that the replacement has been accomplished.

**Rule - 322****Employee commission sharing**

- (1) A member company may remunerate an employee with a proportionate share of the commission charged by the member company on the business of the principal he/she introduces provided that:
  - (a) Such an employee is registered with the Stock Exchange as a registered representative of the member company and is employed on a full-time basis by that company.
  - (b) The share of the commission shall not be paid to such employee until the member company has satisfied itself that the business on which the share of the commission arises had been satisfactorily conducted including the payment and delivery of securities.
- (2) In the event of an employee changing employment between member companies the new employer shall obtain a satisfactory reference in writing from the former employer stating whether or not all the employee's obligations and those of his/her clients have been met in full without assistance on the part of the member company and that the accounts have been conducted in a satisfactory manner.

## LISTING AND DELISTING

### Rule - 400

#### Listing Requirements

- (1) Any public company incorporated in accordance with the laws of Trinidad and Tobago wishing to have its securities listed on the Stock Exchange shall:
  - (a) have the subject matter securities registered and approved by the SEC.
  - (b) enter into a listing agreement in the prescribed form with the Exchange.
  - (c) subject to (a) and (b) above, the Exchange may make rules prescribing the conditions to be complied with where applications are made for the listing of securities.
  - (d) upon compliance with (a) and (b) above, and with any rules made under (c), the securities shall be admitted for listing on the Exchange.
  - (e) the Exchange shall as often as it may determine but not less than once every week prepare and publish a list of all securities admitted for listing. Such list shall include information of the current or most recent prices of all listed securities, together with such other information as the Exchange may consider fit to include therein.
  - (f) in addition to the information referred to in (e) above, the Exchange may cause to be published any other relevant information which may relate to the market price of any security.

### Rule - 401

#### Delisting Criteria

- (1) The aim of the Trinidad and Tobago Stock Exchange is to provide the foremost auction market for securities of well established companies in which there is a broad public interest and ownership.
- (2) Securities admitted to the official list may be suspended from dealings or removed from the list at any time. Prior to the delisting of any security, the Exchange shall make an appraisal of, and determine, the suitability for continued listing in light of all the pertinent facts whenever it deems such action appropriate. The grounds under which a company's security may be delisted includes, but are not limited to the following:
  - (a) failure of a company to make timely adequate and accurate disclosures of information to its shareholders and the investing public;
  - (b) failure to observe good accounting practices in reporting of earnings and financial position;
  - (c) conduct inconsistent with just and equitable principles of trade;
  - (d) unsatisfactory financial condition or operating results;
  - (e) inability to meet current debt obligations or to adequately finance operations;
  - (f) abnormally low selling price or volume of trading;
  - (g) unwarranted use of company's funds for the repurchase of its equity securities.
  - (g) any other event or condition which may exist or occur that make further dealings and listing of the securities on the Exchange inadvisable or unwarranted in the opinion of the Exchange.
  - (i) When a company falls below any of the criteria enunciated in Rule 401(3), the Exchange may give consideration to any definitive action that a company would propose to take that would bring it in line with original standards.

Changes that a company might consider or make that would bring it above the delisting criteria but not in line with the original listing standards would normally not be adequate reason to warrant continued listing.

- (3) Where a listed company falls below any of the criteria for delisting, and proposes to effect a combination with an unlisted company in a manner which in the opinion of the Exchange, would result in the acquisition of the listed company by the unlisted company, regardless of which company is the survivor in the combination, the Exchange will not approve the listing of the additional shares arising out of the combination unless the company resulting from the combination meets the original listing requirements of the Exchange in all respects.

(4) Other criteria which may result in the delisting of a company includes but are not limited to:

- (a) Reductions in Operating Assets and/or scope of operations;
- (b) Bankruptcy and/or liquidation;
- (c) Authoritative advice/proof that a security is without value;
- (d) Registration no longer effective;
- (e) Proxies are not solicited for all meetings of stockholders;
- (f) Agreements are violated;
- (g) Interest coverage of debt securities is inadequate;
- (h) Failure to meet payment, redeem or retire securities on due dates.

When the Exchange gives consideration to the suspension or delisting of the ordinary shares of a company, it may consider delisting of the ordinary shares of a company, it may consider the appropriateness of the continued listing of other securities of the issuer, whether or not such other securities meet the delisting criteria otherwise applicable to them, and may determine, in light of all the circumstances, to continue such other securities on the list or to suspend and proceed to remove from the list such other securities where it seems to be advisable.

The Exchange may hold a public hearing in connection with its consideration of suspension of a security from dealing.

In the absence of any special circumstances, a security considered by the Exchange to be eligible for continued listing will not be removed from the list upon request or application of the issuer, unless the proposed withdrawal from listing is approved by the security holders at a meeting at which a substantial percentage (66 2/3%) of the outstanding amount of the particular security is represented, without objection to the proposed withdrawal from a substantial number of individual holders of the particular security.

#### **Rule - 402**

##### **Stock Exchange Official List**

- (1) The listing of a security may be suspended or cancelled and the security withdrawn from the Official List and the transaction of bargains may be suspended on the authority of the Board, or of the chairman or Deputy Chairman, or in the event of them not being available, any two Directors. When such action is taken otherwise than by the Board, it must be reported to the Board at the first available opportunity.
- (2) A decision in terms of this rule to reject or defer an application for admission to the Official List or to suspend or cancel a listing shall be immediately posted in the market, and be published by notice.

#### **Rule - 403**

##### **Preliminary arrangements and Placings**

(In the case of securities to be issued, registration with the SEC is required)

- (1) A member company wishing to secure admission of securities to the Official List, whether already issued or to be issued, may, before applying for listing, enter into an underwriting contract in relation thereto, and may contract either as principal to subscribe or purchase, or to procure subscribers or purchasers for the same. Such purchasers or subscribers may be procured through the member companies. Arrangements other than underwriting entered into under this paragraph are "placings", as distinguished from "dealings" which term denotes stock Exchange transactions after admission to the Official List.
- (2) Dealing or arrangements for dealings "subject to listing" are not permitted.
- (3) In the case of registered securities "placed" under the provisions of sub-rule (1) of this rule, a member company purchasing and the placing member company must ensure that the said securities have been deposited into the Trinidad and Tobago Central Depository.
- (4) Except with the permission of the Stock Exchange under rule 201(2), securities placed under this procedure may not be replaced or negotiated in any way before admission to listing has become effective.
- (5) The general procedures for placings shall be in accordance with the Listing Requirements, Chapter 1, paragraphs 16, 17, 18 and Schedule 5,- Market Statement (placings).

**Rule - 404****Capital issue by company under foreign control**

- (1) The Exchange shall not permit a security of a listed company under foreign control to be listed and dealt on the Market unless registered with the Securities Exchange Commission.
- (2) The Exchange shall take cognizance of any regulations governing issue of capital by listed companies under foreign control and it shall ensure that all procedures are aligned to the intent of such regulations.

**Rule - 405****Price Stabilization (Amended 19<sup>th</sup> April 2010)**

- (1) In order to stabilize the Market, the Stock Exchange may empower the Market Control Officer to suspend dealing in a security, except for trading in rights, if the offer price or bid price rises or falls more than 15% from the closing price of the previous business day.
- (2) The Market Control officer may also suspend dealing in any security if the buying or selling price changes abruptly without due apparent reason.
- (3) Suspension of a security under sub-rules (1) and (2) of this rule shall be posted in the Market and shall not last beyond dealing sessions without reference of the matter to the Board of the Exchange who may at their discretion revoke or prolong such suspension.
- (4) The Stock Exchange shall give notice forthwith to the Commission of any suspension or prohibition of dealing in securities.

**Rule - 406****Suspension of dealing (Amended 27<sup>th</sup> September 2001)**

The Stock Exchange may, at its absolute discretion, suspend or prohibit dealings in any security or all securities if, in its judgement, such action is essential to ensure proper conduct of the Market. The Stock Exchange shall, in addition to giving notice forthwith to the Commission of such action, immediately publish such suspension or prohibition by notice, and by official announcement in the Market.

## ADMISSION OF STOCKBROKERS, DEALERS AND MEMBER COMPANIES

### Rule - 501

#### Appointment of authorised dealers

- (1) A member company may nominate, and apply to the Stock Exchange for appointment of an authorised dealer who, after registration with the Securities and Exchange Commission and Licencing by the Stock Exchange, may deal in the Market on behalf of the member company.
- (2) Nomination for an authorised dealer will be received in respect of a person who-
  - (a) Has been nominated by the member firm on whose behalf he will deal in the market.
  - (b) Is a full-time employee of the member firm.
  - (c) Is at least eighteen (18) years of age.
  - (d) Has been employed by the applicant member firm at least six months (commenced July 1, 1990) and has an accredited qualification from a recognised academic institution with a knowledge of capital markets.
  - (e) Has produced references as well as a police record.
  - (f) Has undergone trading simulations under the direction of Management.
- (3) Application for authorisation shall be made by the sponsoring member company in the form prescribed in Appendix V.
- (4) The Stock Exchange may refuse an application on the grounds that, either-
  - (a) the nominee's experience and character render him unsuitable; or
  - (b) authorisation would result in the number of authorised dealers employed by the sponsoring member company exceeding the number of registered stockbrokers in that company.
- (5) The Stock Exchange may, at its discretion, post the nomination in the Market, and in this event, members and registered stockbrokers may comment on the suitability of the applicant to the Stock Exchange.
- (6) If the Stock Exchange is satisfied with the experience and character of the applicant, it shall appoint him as an authorised dealer for such period as he remains in the employment of the member company which has sponsored the application.
- (7) Any reference in the dealing rules and administrative procedures to registered stockbroker should also be construed as a reference to authorised dealers.
- (8) Registered stockbroker members shall in accordance with the Rules and Regulations of the Stock Exchange be liable for acts or omissions of any authorised dealer of their member company in accordance with the Rules and Regulations of the Stock Exchange, and any offending authorised dealer shall himself be liable to suspension or cancellation of his authorisation in accordance with rule 103(1) of the Rules and Regulations of the Stock Exchange.
- (9) The Stock Exchange shall cause a register of authorised dealers to be kept, in which shall be entered the names of each authorised dealer and his employing member company. This register shall be kept in the offices of the Stock Exchange and shall be available for inspection by members and authorised dealers.
- (10) An authorised dealer shall not enter the trading floor of the Market until his member company shall have received from the Stock Exchange offices, notice of his admission and authorisation.
- (11) Authorised dealers of a defaulting member company shall be excluded from the trading floor of the Market immediately on such default.

### Rule - 502

#### Appointment of alternate authorized dealers

- (1) A member company may nominate and apply to the Stock Exchange for appointment of an alternate authorised dealer who after after registration with the Securities and Exchange Commission and Licencing by the Stock Exchange, may deal in the Market on behalf of a member company during the absence of the company's authorised dealer.
- (2) Nomination for an alternate authorised dealer is subject to the conditions established in sub-rule 501(2) to (11).

## **LISTED COMPANIES DISCLOSURE REGIME (Adopted 28<sup>th</sup> April 2010)**

### **Rule – 600**

#### **Quarterly Financial Statements**

- (1) Every listed company shall submit to the Trinidad and Tobago Stock Exchange (TTSE) *two (2) hard copies and one (1) electronic copy* of their Quarterly Financial statements for the first three (3) quarters of the financial year within forty-five (45) days of the end of the period to which the statements relate.
- (2) The financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and recommendations by the Institute of Chartered Accountants of Trinidad and Tobago (ICATT).
- (3) Shareholdings of Directors and Senior Officers and their connected persons as well as the shareholdings of those persons holding the ten (10) largest blocks of shares shall be included in the report.
- (4) All Quarterly Financial Statements shall be approved by the company's Board of Directors and signed by two (2) or more Directors of the company and should state whether or not they are audited.
- (5) The company shall simultaneously publish the results in one of the leading daily newspapers at the time of submission.
- (6) A company that is unable to submit Quarterly Financial Statements to the Exchange in a timely manner and within the prescribed intervals must notify the Exchange at least ten business days prior to the due date that there is the probability of a delay, advising of the circumstances and the probable extent of the delay.
- (7) Any delay would be broadcast to the market by the Exchange in a leading daily newspaper, and the company shall simultaneously place an advertisement in the same manner advising shareholders accordingly.
- (8) The Exchange may suspend trading in a company's shares for failure to submit financials within the stipulated timeframes.

### **Rule - 601**

#### **Audited Annual Financial Statements**

- (1) Every listed company shall submit to the Stock Exchange one *(1) hard copy and (1) electronic copy* of the Audited Annual Financial Statements not later than ninety (90) days after the company's financial year-end.
- (2) The financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and recommendations by the Institute of Chartered Accountants of Trinidad and Tobago (ICATT).  
Items (i) to (iv) shall also be included:
  - i. Shareholdings of Directors and Senior Officers, connected persons and the shareholdings of those persons holding ten (10) largest blocks of shares.
  - ii. A management discussion and analysis prepared by the company after the end of its financial year.
  - iii. All Audited Annual Financial Statements shall be approved by the company's Board of Directors and signed by two (2) or more directors of the company.
  - iv. The company shall simultaneously publish the Annual Audited Financial Statements in at least one of the leading daily newspapers.
- (3) A company that is unable to submit Audited Annual Financial Statements to the Exchange in a timely manner and within the prescribed intervals shall notify the Exchange at least ten business days prior to the due date, that there is the probability of a delay, advising of the circumstances and the probable extent of the delay.
- (4) Any delay would be broadcast to the market by the print media in a leading daily newspaper, and the company must simultaneously place an advertisement in the same manner advising shareholders accordingly.
- (5) The Exchange may suspend trading in a company's shares for failure to submit financials within the stipulated timeframes.

### **Rule – 602**

#### **Annual Report**

- (1) Every listed company shall forward within one-hundred-and-twenty (120) days of the company's financial year-end, a printed copy of its Annual Report, which shall include the shareholdings of directors, senior management and connected persons to each of the company's share/stockholders, and six (6) printed copies and (one) electronic copy to the Stock Exchange.

**Rule – 603****Communication of Information**

- (1) Every listed company shall notify the Stock Exchange, no later than five (5) days following the Board meeting at which the decision was taken, of all dividend payments, profit announcements, rights or bonus issues, acquisition or sale of assets, significant changes in share ownership or control and any other information necessary to enable share/stockholders to appraise the position of the company.
- (2) The information regarding the listed company shall be communicated to the general public within five (5) working days of the Board meeting via one of the leading daily newspapers.
- (3) A Company whose securities are listed on more than one Stock Exchange shall ensure that any information released in another market has been simultaneously submitted to the TTSE. The information shall be communicated directly to the Stock Exchange and not through an agency or third party.
- (4) Any decision which requires ex-condition dealing in a security shall be communicated to the Exchange not later than seven (7) business days before the record date.

**Rule – 604****Reports on Trading by Directors & Senior Officers**

Every listed company shall, through its Company Secretary or other relevant company official notify the Exchange of all trades done by directors, senior officers and connected persons, within five (5) business days of the transaction.

**APENDICES**

**APPENDIX II Form of Proxy (Republic of Trinidad and Tobago the Companies Act 1995 Section 143 (1))**

REPUBLIC OF TRINIDAD AND TOBAGO  
THE COMPANIES ACT 1995  
SECTION 143 (1)

**FORM OF PROXY**

Name of Company: THE TRINIDAD AND TOBAGO STOCK EXCHANGE LIMITED Company No. T2595 ( c )

Particulars of Meeting: Annual Meeting of the Company to be held on ..... at the Crowne Plaza, Wrightson Road, Port of Spain.

I/We (Block Please)-----  
-----being

Shareholder(s) in the above Company appoint(s) the Chairman of the Meeting, or failing him, -----

of ----- to be my/our proxy to vote for me/us on my/our behalf at the meeting and any adjournment thereof as indicated below on the resolutions to be proposed in the same manner, to the same extent and with the same powers as if I/we were present at the meeting or such adjournment or adjournments thereof.

Please consider the Notes 1 to 6 overleaf for your assistance to complete and deposit the Proxy Forms.

|                |     |         |
|----------------|-----|---------|
| Resolution 1 : |     |         |
| Resolution 2 : | For | Against |
| Resolution 3 : |     |         |
| Resolution 4 : |     |         |
| Resolution 5 : |     |         |

.....  
Signature

.....  
Date

Notes:

1. A Shareholder may appoint a proxy of his/her own choice. If such an appointment is made, delete the words "the Chairman of the Meeting" from the Proxy Form and insert the name and address of the person appointed proxy in the space provided and initial the alteration.
2. If the appointer is a corporation, this Proxy Form must be under its common seal or under the hand of some officer or attorney duly authorized in that behalf.
3. A Shareholder that is a body corporate may, in lieu of appointing a proxy authorized an individual by the resolution of its directors or its governing body to represent it at the Annual Meeting.
4. In the case of joint Shareholders, the names of all joint shareholders must be stated on the Proxy Form and all joint shareholders must sign the Proxy Form.
5. If the Proxy Form is returned without any indication as to how the person appointed proxy shall vote the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
6. To be valid, this Proxy Form must be completed and deposited at the office of the Secretary. The Trinidad and Tobago Stock Exchange Limited, at the address below not less than 48 hours before the time for holding the Annual Meeting or adjourned Meeting.

**Return To:** The Secretary, The Trinidad and Tobago Stock Exchange Limited, 10<sup>th</sup> Floor, Nicholas Tower, Cor Abercromby Street and Independence Square, Port of Spain



**APPENDIX III Application for Admittance as a member of the Stock Exchange**

**APPLICATION FOR ADMITTANCE AS A MEMBER OF THE STOCK EXCHANGE**

To the Board of the Trinidad and Tobago Stock Exchange Limited

In accordance with Rule 102, we hereby apply for licencing of

..... Limited as a Member of the  
Trinidad and Tobago Stock Exchange Limited.

We attach to this application:

- (i) the prescribed form of proposal and secondment completed and signed by two Directors of the Stock Exchange;
- (ii) a certified copy of the Articles of Incorporation of the Company together with a certified copy of its certificate of incorporation;
- (iii) proof that prior to commencing trading on the Stock Exchange the Company will have a minimum paid up share capital of four hundred thousand dollars.

We are aware of the requirements related to Member Companies of the Securities Industry Act, 1995 and the Rules and Administrative Procedures of the Stock Exchange, and, provided consent is granted to this application, we give a joint and several undertaking that the Company will be operated in accordance with them.

We are the Directors of the Company and we hereby undertake to assume liability for the debts and obligations of the Company in terms of and within limitations expressed in.

Yours faithfully,

Signed.....

Dated.....19.....

NOTE 1. Any relevant circumstances, e.g. formation of the Company to take over the business of another Member Company, should be stated.

NOTE 2. The application should be signed by all (intending) Directors whose names and addresses should be typed below the signature.

NOTE 3. The proposed/existing capital structure and the particulars of non-stockbroker shareholders and the amounts of share capital issued or which it is proposed to issue to them should be set out in a schedule and attached to the application.

**STATEMENT BY SPONSORING DIRECTORS**

We, being Directors of the Trinidad and Tobago Stock Exchange Limited, propose and second that .....  
..... Limited should be registered as a Member of the Stock Exchange.

We are aware of the contents of the Company's application for registration and we are satisfied that to the best of our knowledge and belief the statements made therein are correct.

From our personal knowledge of the Directors of the Company we are satisfied of its fitness in all respects to become a Member.

Signature of Proposer ..... Full Name .....

Date ..... 19.....

Signature of Seconder ..... Full Name .....

Date ..... 19.....

**APPENDIX IV Form of Application for Licensing as a Stockbroker**

**FORM OF APPLICATION FOR LICENCING AS A STOCKBROKER**

TO THE BOARD OF THE TRINIDAD AND TOBAGO STOCK EXCHANGE LIMITED

I wish to be licenced as a Stockbroker of the Trinidad and Tobago Stock Exchange Limited upon the terms of, and under and subject in all respects to the Securities Industry Act, 1995 and By Laws, Regulations and Rules of the Stock Exchange which now are, or hereafter may be for the time being in force.

I am aware of By Laws, Regulations and Rules of the Trinidad and Tobago Stock Exchange Limited and of the obligation imposed on Stockbrokers upon their registration.

I attach a statement evidencing that, to the best of my knowledge and belief my professional and business connections and shareholdings are not such that they would in any way adversely affect the conduct of my stockbroking business, and also evidence that this application conforms to the requirements of the Securities Exchange Commission and the Exchange.

I enclose a declaration form in accordance with Schedule 8 of the Listing Requirements.

Yours faithfully,

Date ..... 19 .....

Signature  
.....

**STATEMENT BY SPONSORING DIRECTORS OF THE STOCK EXCHANGE**

We recommend Mr./Mrs./Miss.....as a fit and proper person to be registered as a stockbroker of the Trinidad and Tobago Stock Exchange Limited. We have read the candidate's application and are aware of the contents of the candidate's declaration under schedule 8. We are satisfied that to the best of our knowledge and belief the statements made in respect of his/her application are correct.

Signature of the Proposer .....

Dated .....

Signature of Seconder.....

Dated.....

**APPENDIX V (A) Liability Notice by a Director of a Limited Corporate Member**

**LIABILITY NOTICE BY A DIRECTOR OF A LIMITED CORPORATE MEMBER**

TO THE BOARD OF THE TRINIDAD AND TOBAGO STOCK EXCHANGE LIMITED

.....  
Limited

In accordance with the provisions of The Exchange Rules, I give you notice that I hereby assume (jointly and severally with such persons as may from time to time be Directors of the above Company and have given a Notice similar to this Notice which has not been withdrawn)

liability for the debts and obligations of the Company including debts and obligations existing prior to the .....

day of ..... 19 ..... when this Notice shall take effect, provided that the limit of the personal liability I

assume under this Notice shall not exceed \$.....

Signed.....

Dated..... 19.....

We, being Directors of the Company, on behalf of the Board, confirm the above Notice and request you to amend the Stock Exchange records accordingly.

Signed .....

Directors

.....

X To be signed by two Directors of the Company

**APPENDIX V (B) Withdrawal of Liability Notice**

**WITHDRAWAL OF LIABILITY NOTICE**

TO THE BOARD OF THE TRINIDAD AND TOBAGO STOCK EXCHANGE LIMITED

..... Limited

I hereby request permission to withdraw the Liability Notice whereby I assumed liability not exceeding \$ ..... for debts and obligations of the above Company, to the intent that I shall not be liable for the Company's debts and obligations incurred after

the ..... day of.....19.....

Signed .....

Dated ..... 19 .....

We, being Directors of the Company, on behalf of the Board confirm that we have no objection to the above and request you to amend the Stock exchange records accordingly.

Signed .....

Directors

.....

X To be signed by two Directors of the Company

**APPENDIX VI Form of Application for an Authorised Dealer (Rule 501)**

FORM OF APPLICATION FOR AN AUTHORISED DEALER (RULE 501)

TO THE BOARD OF THE TRINIDAD AND TOBAGO STOCK EXCHANGE LIMITED

We ..... Limited

Request permission for Mr./Mrs./Miss.....

aged ..... to act as an Authorised Dealer of this Company commencing ..... 19 .....

We attach the career record of the Candidate since leaving school.

We certify that-

- (1) We have full knowledge of the Candidate's previous career and have obtained a satisfactory reference from his last employer. We are aware of the Candidate's declaration under Schedule 8.
- (2) The candidate is in the bona fide full time employment of ourselves.
- (3) We hold ourselves responsible to the Board for the conduct of his business and for his behaviour in all matters affecting the Stock Exchange or its Members.
- (4) We undertake to inform you at once if the Authorised Dealer is withdrawn or ceases to be employed by us.
- (5) The Candidate will abide by and conform to the Articles, Regulations, Rules, Administrative Procedures and Usage of the Stock Exchange, and any directions given by the Board.

We are aware that Employers are held responsible for the Stock Exchange business transacted by authorised dealers.

Yours faithfully,

Signed.....

Dated ..... of..... 19 .....

The Authorised Dealer to sign the following:

I understand and agree to the above. I append a declaration in conformity with Schedule 8 of the Listing Agreement.

Signed .....

Dated ..... of ..... 19 .....

## APPENDIX VII Notes for Guidance on the Completion of Liquidity Returns

### NOTES FOR GUIDANCE ON THE COMPLETION OF LIQUIDITY RETURNS

1. Member companies should refer to rules 300 and 301, the notes for guidance of member companies relating to these rules issued by the Board, and to the detailed description in Form LM. 2, LM.3 and LM.4.
2. This return is to be completed and submitted quarterly by all member companies. One of the dates selected for the preparation of these figures should coincide with the last date of the company's financial year.
3. The return should be prepared from a trial balance and it will normally be sufficient to use control account totals (provided that these are subject to regular agreement with listing of individual balances) except in those instruments where further detailed analysis of particular items is required, as for example is the case with client balances. Any item for which member companies consider that no appropriate heading is provided should be shown separately on the return together with a suitable description.
4. Explanatory notes of any unusual items should be submitted with the completed return where appropriate.
5. Where there are no amounts appropriate to any particular item in the return or in the supplementary schedule please state "NIL" in the appropriate box.
6. The form which is sent to the Exchange Accountant should be signed. The signatures of two Directors are required in all cases. If the Managing Director also acts as the Finance Director please ensure that a second Director also signs the return.
7. Bank reconciliation should be carried out at the date of the return in respect of all balances with banks, or by reference to the latest bank statement prior to the date of the return.
8. Amounts deposited on behalf of clients which do not form part of the firm's assets, in accordance with the arrangements with the clients concerned, should together with the corresponding rights of the clients to the deposits be entered in the boxes inserted on pages 2 and 3.
9. Any refunds of tax which have been taken into account in calculating the tax provision, should be stated separately with a note as to whether or not the refund has been agreed with the Inland Revenue. If it should be desired to alter the basis upon which provision is made for taxation liabilities, the amount provided should be shown here and the details of the revised basis supplied.
10. This provision should be a reasonable estimate of the eventual taxation liability attributable to the profit available to the member company which has been earned in the period since the last financial year end; a proportion of the annual allowances as appropriate should be used in estimating the provision.
11. The settlement offices box has no current relevance, and is included for future purposes.

**FORM LM 1 Liquidity Return**

**LIQUIDITY RETURN**

*This report is being filed pursuant to Rule 300 and 301 in accordance with the Rules and Regulations/Procedures of the Trinidad and Tobago Stock Exchange Limited*

NAME OF MEMBER COMPANY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS  
(Do not use P.O. Box Number)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT WITH REGARD TO THIS REPORT

FOR QUARTER ENDED

.....

Minimum liquidity margin methods used by Respondent re Rule 301(12)(b)(iii) .....

Minimum liquidity margin required \$ .....

Check Here if Respondent is Filing an Audited Report//

.....

**EXECUTION:**

The firm submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, financial information and/or supporting details are considered integral parts of this Forms and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

.....

Dated the ..... day of ..... 19 .....

Manual signatures of:

(1) .....

Principal Executive Officer or Managing Director

(2) .....

Director

Reviewed by .....

Name of Stock Exchange Accountants

**FORM LM 2 Liquidity Return**

**LIQUIDITY RETURN**

**STATEMENT OF FINANCIAL CONDITION**  
Assets

| Total                                                                     | Approved | Non-Approved |
|---------------------------------------------------------------------------|----------|--------------|
| \$                                                                        | \$       | \$           |
| 1. Cash and Bank Balance at Short Notice                                  |          |              |
| A. Cash, stamps, bank balances encashable within three months             | .....    | .....        |
| .....                                                                     |          |              |
| B. Fixed deposits, etc                                                    | .....    | .....        |
| C. Deposits with local authorities, etc., encashable within one year      | .....    | .....        |
| .....                                                                     |          |              |
| D. Deposits on behalf of clients                                          | .....    | .....        |
| .....                                                                     |          |              |
| 2. Securities                                                             |          |              |
| A. Trinidad and Tobago government securities                              | .....    | .....        |
| B. Listed securities                                                      | .....    | .....        |
| .....                                                                     |          |              |
| C. Others                                                                 | .....    | .....        |
| .....                                                                     |          |              |
| 3. Clients, Staff and Directors' Connected Persons                        |          |              |
| A. Clients who settle on Account Day or pay against delivery              | .....    | .....        |
| B. Clients' unsecured balances outstanding more than ninety days          | .....    | .....        |
| .....                                                                     |          |              |
| C. Employees                                                              | .....    | .....        |
| D. Employees' balances outstanding for more than ninety days              | .....    | .....        |
| .....                                                                     |          |              |
| E. Amounts owing other than in ordinary course of Stock Exchange business | .....    | .....        |
| -Clients                                                                  | .....    | .....        |
| -Employees                                                                | .....    | .....        |
| -Others                                                                   | .....    | .....        |
| 4. Member Companies                                                       |          |              |
| A. Member companies balances outstanding for ninety days or less          | .....    | .....        |
| B. Member companies balances outstanding for more than ninety days        | .....    | .....        |
| 5. Stock Exchange settlement office                                       |          |              |
| .....                                                                     |          |              |
| 6. Fixed assets                                                           |          |              |
| .....                                                                     |          |              |
| 7. Payments in advance                                                    |          |              |
| .....                                                                     |          |              |
| 8. Taxation recoverable                                                   |          |              |
| .....                                                                     |          |              |
| 9. Shares and indebtedness of subsidiary companies                        |          |              |
| .....                                                                     |          |              |
| 10. Others                                                                |          |              |
| .....                                                                     |          |              |
| TOTAL ASSETS                                                              | .....    | .....        |



**FORM LM 3 Liquidity Return**

LIQUIDITY RETURN  
STATEMENT OF FINANCIAL CONDITION

Ranking Liabilities

|                                                                                                        | \$    | Total<br>\$ |
|--------------------------------------------------------------------------------------------------------|-------|-------------|
| 11. Loans and advances                                                                                 |       |             |
| A. Bank loans and overdrafts-secured                                                                   | ..... | .....       |
| Bank loans and overdrafts-unsecured                                                                    | ..... | .....       |
| B. Other loans                                                                                         | ..... | .....       |
| 12. Clients, Staff and Directors' Connected Persons                                                    |       |             |
| A. Clients-for stock exchange business                                                                 | ..... | .....       |
| B. Clients-for money placed on deposit                                                                 | ..... | .....       |
| C. Employees                                                                                           | ..... | .....       |
| 13. Member Companies                                                                                   |       |             |
| A. Member companies                                                                                    | ..... | .....       |
| B. Stock Exchange settlement offices                                                                   | ..... | .....       |
| 14. Other amounts payable in ordinary course of Stock Exchange business                                | ..... | .....       |
| .....                                                                                                  |       |             |
| 15. Amount owing to subsidiary companies                                                               | ..... | .....       |
| .....                                                                                                  |       |             |
| 16. Tax provisions                                                                                     |       |             |
| A. Provisions for taxation at latest financial year-end adjusted for subsequent payments and revisions | ..... | .....       |
| B. Estimated provision for tax on profit earned latest financial year end                              | ..... | .....       |
| 17. Creditors and accruals                                                                             | ..... | .....       |
| .....                                                                                                  |       |             |
| 18. Others (List)                                                                                      | ..... | .....       |
| .....                                                                                                  |       |             |
| A                                                                                                      | ..... | .....       |
| B                                                                                                      | ..... | .....       |
| C                                                                                                      | ..... | .....       |
| D                                                                                                      | ..... | .....       |
| TOTAL RANKING LIABILITIES                                                                              | ..... | .....       |
| .....                                                                                                  |       |             |

Stockholders Equity

|                                                                   |       |       |
|-------------------------------------------------------------------|-------|-------|
| 19. Corporation (Company)                                         |       |       |
| A. Preferred Shares                                               | ..... | ..... |
| B. Common Shares                                                  | ..... | ..... |
| C. Share Premium-Other Reserves                                   | ..... | ..... |
| D. Retained Earnings...                                           | ..... | ..... |
| E. TOTAL                                                          | ..... | ..... |
| .....                                                             |       |       |
| F. Add: Subordinated loans                                        | ..... | ..... |
| .....                                                             |       |       |
| 20. Total stockholders equity and subordinated loans              | ..... | ..... |
| 21. Total liabilities, stockholders equity and subordinated loans | ..... | ..... |

**FORM LM 4 Liquidity Return**

**LIQUIDITY RETURN**

**COMPUTATION OF NET CAPITAL**

|    |                                                                            |     |     |     |     |     |       |       |    |    |
|----|----------------------------------------------------------------------------|-----|-----|-----|-----|-----|-------|-------|----|----|
|    |                                                                            |     |     |     |     |     |       |       | \$ | \$ |
| 1. | Total Stockholders Equity (from Statement of Financial Condition line 19E) | ... | ... | ... | ... | ... | ...   | ..... |    |    |
| 2. | Deduct: Stockholders Equity not allowed for net capital<br>(.....)         | ... | ... | ... | ... | ... | ...   |       |    |    |
| 3. | Total Stockholders Equity qualified for net capital                        | ... | ... | ... | ... | ... | ..... |       |    |    |
| 4. | Add:                                                                       |     |     |     |     |     |       |       |    |    |
| A. | Subordinated Loans allowable in computation of net capital                 | ... | ... | ... | ... | ... | ..... |       |    |    |
| B. | Other (deductions) or allowable credits (List)                             | ... | ... | ... | ... | ... | ..... |       |    |    |
| 5. | Net Worth                                                                  | ... | ... | ... | ... | ... | ..... |       |    |    |
| 6. | Deductions and/or charges                                                  |     |     |     |     |     |       |       |    |    |
| A. | Total non-approved assets from Statement of Financial Condition            | ... | ... | ... | ... | ... | ..... |       |    |    |
| B. | Other Deductions and/or Charges                                            | ... | ... | ... | ... | ... | ..... |       |    |    |
| 7. | Total Deduction and/or Charges                                             | ... | ... | ... | ... | ... | ..... |       |    |    |
| 8. | Net Capital                                                                | ... | ... | ... | ... | ... | ..... |       |    |    |

**COMPUTATION OF MINIMUM NET CAPITAL REQUIREMENT**

**PART A**

|     |                                                                   |     |     |     |     |       |  |  |  |  |
|-----|-------------------------------------------------------------------|-----|-----|-----|-----|-------|--|--|--|--|
| 9.  | Minimum net capital required (10 per cent of line 13)             | ... | ... | ... | ... | ..... |  |  |  |  |
| 10. | Minimum dollar net capital requirement of Member Company (Note A) | ... | ... | ... | ... | ..... |  |  |  |  |
| 11. | Net Capital requirement (greater of line 9 or 10)                 | ... | ... | ... | ... | ..... |  |  |  |  |
| 12. | Excess/Deficit of net capital (line 8 less 11)                    | ... | ... | ... | ... | ..... |  |  |  |  |

**COMPUTATION OF RANKING LIABILITIES**

**PART B**

|     |                                                                         |     |     |     |     |       |  |  |  |  |
|-----|-------------------------------------------------------------------------|-----|-----|-----|-----|-------|--|--|--|--|
| 13. | Total ranking liabilities from Statement of Financial Condition         | ... | ... | ... | ... | ..... |  |  |  |  |
| 14. | Percentage of ranking liabilities to net capital (line 13 -- by line 8) | ... | ... | ... | ... | ..... |  |  |  |  |

NOTE A:-The minimum dollar net capital required should be computed by adding \$25,000 for each registered Stockbroker of the company to \$12,500 for each Authorised Dealer in the company.

**APPENDIX VIII Application for Inclusion in the Register of Banks and Agents (Rule 306)**

**APPLICATION FOR INCLUSION IN THE REGISTER OF BANKS AND AGENTS [RULE (306)]**

Period ending 31st December,.....

TO THE BOARD OF THE TRINIDAD AND TOBAGO STOCK EXCHANGE LIMITED

We hereby apply to have our name placed on the above Register under Rule 306 and enclose our cheque for the annual registration fee of \$.....

In support of the application we undertake:

- (1) that no part of our share of commission shall directly or indirectly be returned or allowed to the Principal or to any other person;
- (2) that we will not knowingly claim or accept a share of commission on any transaction for the account or benefit of any third party whose name is for the time being included in any Register of Banks or of Agents maintained by the Stock Exchange;
- (3) that we will not in any advertisement, circular, business letterhead or card or other document on which our name appears or on any plate, board, sign or the like make or allow to be made any reference to the fact that our name is or has been included in the above Register.
- (4) that on enquiries by the Board of the Stock Exchange (the Board) into dealings in any security we will supply the Board, unless our legal obligations and our responsibilities to our customers otherwise require, particulars of dealings we have effected for our customers whenever required to do so;
- (5) that without prejudice to any other rights of a Member Company of the Stock Exchange, as between us and such Member Company, we will accept the liabilities of our customer in fulfilling obligations to such Member Companies where those responsibilities arise solely from-
  - (i) instructions given by us on behalf of our customer; or
  - (ii) instructions given direct by our customer which have been specifically confirmed on receipt by us of the contract note from the Broker;
- (6) that we will not knowingly give our Brokers instructions which, in the execution thereof, would cause them to act contrary to the Rules and Regulations of the Stock Exchange;
- (7) that we will inform our Brokers whom we instruct if any of the business covered by our instructions is business which does not entitle us to share commission by reason of the fact that it is business for our own account.

**REGISTRATION**

(a) *Renewal Procedure*

Registration will automatically lapse on 31st December, 19.... unless on application made by us the Board renews the registration of our name for a further period, provided that if we apply for renewal and the Board intends to reject our application the procedure set out in sub-paragraph (b) of this paragraph shall apply whether the Board's intended rejection arises from any alleged breach by us of any of our obligations hereunder, or is for some other reasons;

(b) *Removal from the Register*

The Board may only remove our name from the Register for good reason, and should the Board intend to remove our name from the Register by reason of any alleged breach by us of our obligations under this undertaking or for any other reason, it will give us immediate written notice of such intention specifying the alleged breach or reason and it will afford us the opportunity to rebut such alleged breach or to show why our name should not be removed from the Register, and until a final decision has been reached, it will treat the matter in the strictest confidence.

Signature of Applicant .....

Name of Company .....

Date .....

**APPENDIX IX Hearing Panel Procedures made by the Trinidad and Tobago Stock Exchange Limited pursuant to Exchange Rule 103(4)**

**Hearing Panel Procedures made by the Trinidad and Tobago Stock Exchange Limited  
Pursuant to Exchange Rule 103(4)**

1. The hearing Panel appointed by the Trinidad and Tobago Stock Exchange Limited under these procedures shall, before giving its advice to the Exchange provide a reasonable opportunity for a hearing to each person directly affected and shall give at least seven (7) days notice to each such 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 allegations of fact and law
  - d. A statement that if the person fails to attend the hearing, the hearing, Panel may proceed without giving the person further notice.
2. A person who is entitled to notice of a hearing under these procedures may represent himself or be represented by his Counsel or agent.
3. A party to the hearing under these procedures may, with leave of the hearing Panel call and examine and examine witnesses and present documentary evidence and submissions.
4. A party to the hearing under these procedures shall have the right to cross examine a witness who gives evidence.
5. A witness to the hearing under these procedures, may be advised by Counsel at the discretion of the hearing Panel.
6. The hearing Panel 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.

The hearing Panel may at its discretion have the advice of its own Counsel present at the hearing.
7. The hearing Panel shall make provisions for all oral evidence presented at a hearing under these procedures to be recorded on tape (transcribed)
8. The hearing Panel shall:
  - a. make a report including its advice in writing and state the findings of fact on which its advice is based and state the reasons for it;
  - b. send a copy of its report and advice and reasons to each person entitled to notice under these procedures; and
  - c. send a copy of the advice to the Exchange but shall not itself take any disciplinary action against a Member Company, Stockbroker or Dealer.

**APPENDIX X Agreement Form - Issuer**

AGREEMENT FORM - ISSUER

TRINIDAD AND TOBAGO

THIS AGREEMENT is made in duplicate the \_\_\_\_\_ day of \_\_\_\_\_ 2003 between TRINIDAD AND TOBAGO CENTRAL DEPOSITORY LIMITED, a company incorporated under the Companies Act having its registered office at 10<sup>th</sup> Floor, Nicholas Tower, Cor Abercromby Street and Independence Square, Port of Spain in the island of Trinidad (hereinafter referred to as "TTCD") of the One Part and [ \_\_\_\_\_ ] a company incorporated aforesaid having its registered office at [ \_\_\_\_\_ ] (hereinafter referred to as "the Issuer") of the Other Part.

WHEREAS:

- A. TTCD is registered as a Clearing Agency under **Section 36 of the Securities Industry Act, 1995** (hereinafter referred to as "the SIA").
- B. TTCD provides certain services which facilitate the quick and efficient transfer of Securities of public companies under its Rules (a copy of the edition of which currently in force has been received by the Issuer as the Issuer hereby acknowledges) (hereinafter referred to as "the Rules").
- C. The Issuer has issued Securities of the number and denomination set out in the First Schedule hereto registered with the Commission under the SIA and quoted on the Trinidad and Tobago Stock Exchange and desires that its issued Securities shall be accepted by TTCD under the Rules as Securities in respect of which TTCD's services are available and both parties desire that shareholders of the Issuer shall take advantage of such services by depositing such Securities with TTCD.
- D. Accordingly, the parties have agreed to enter into this Agreement governing all matters relating to the Issuer's Securities held by TTCD and governing the mutual rights and obligations of the parties under the Rules, the Companies Act, Chap. 81:01 (hereinafter referred to as "the Act") and the SIA.

NOW THEREFORE IN CONSIDERATION of the premises and the mutual covenants and obligations herein set out the parties hereto agree as follows:-

- 1. In this Agreement words and expressions shall have the same meanings as in the Act, the SIA and the Rules.
- 2. The Issuer hereby agrees as follows:-
  - (a) In all cases where a meeting is called of the holders of its Securities (including where it receives any requisition pursuant to **sub-section (1) of Section 133 of the Act** and proposes to call a meeting of its shareholders pursuant to **sub-section (3)** thereof and where a shareholder calls a meeting pursuant to **sub-section (4) of Section 133 of the Act**) it shall set a record date with respect to such meeting;
  - (b) Until the form of the notice to be given by it as an Issuer under **Section 114(1) of the SIA** has been prescribed it will give such notice in the form in the Second Schedule hereto and will insert therein the date seven days after the record date fixed as the date by which the list required under **Section 114(3)** must be provided;
  - (c) It will recognize all persons named as Beneficial Owners of its shares on a list provided to it pursuant to **Section 114 of the SIA** by TTCD as shareholders of the Issuer with respect to the purpose for which such list has been provided, will include such persons and their particulars in any shareholders' list prepared under **Section 125 of the Act** and will pay dividends or issue notices to such persons as though they were shareholders of the Issuer for such purposes;
  - (d) With respect to its Securities registered in the name of TTCD in any case except where a list is provided under **Section 114 of the SIA**, where it may be necessary for the Issuer to identify whether a person is properly entitled to exercise any rights as shareholder under the Act or the Articles and By-laws of the Issuer the Issuer will at the request of TTCD in the form set out in the Third Schedule hereto recognize any person properly identified in writing in such request as the duly authorized agent of TTCD for the purpose and in respect of its shares specified in such request and will accept and acknowledge a requisition notice or other document duly signed by such person on behalf of TTCD as shareholder in respect of such shares in each case within a reasonable time from the date of such request for the purpose specified;
  - (e) Upon receipt of a duly executed transfer of shares of the Issuer to TTCD the Issuer shall enter TTCD in its register of members as the owner of the shares referred to in such transfer and shall deliver a share certificate to TTCD with respect to the share or shares so transferred;
  - (f) Where it issues notices, circulars or other material to its shareholders it will provide TTCD promptly on request with such copies thereof as TTCD may request to enable it to circulate the same to any Participants and/or Beneficial Owners who do not receive them directly under the provisions of **sub-clause (c)** above.
- 3. TTCD agrees with the Issuer that it will:-
  - (i) accept the Securities of the Issuer set out in the First Schedule hereto as Securities under the Rules;
  - (ii) provide any information requested by the Issuer with respect to the Issuer's shares held in the name of TTCD provided that such information is being requested for a purpose concerning an effort to influence the voting by shareholders of the Issuer, an offer to acquire shares of the Issuer, or any other matter relating to either the affairs of the Issuer or transactions effected through TTCD in the shares of the Issuer: subject always to TTCD's duty of confidentiality under **Section 114(8) of the SIA**, the Rules or other laws or agreements in force from time to time;
  - (iii) Subject to TTCD's duty of confidentiality under **Section 114(8) of the SIA**, the Rules or other laws or agreements in force from time to time, provide the Issuer with access during the normal business hours of the Issuer to information maintained by TTCD in respect

of the Beneficial Owners of shares of the Issuer which may include a facility whereby the Issuer's data communications facility or network is linked to TTCD's data communications network which can thereby be accessed by terminals controlled by the Issuer and subject as aforesaid the Issuer shall be entitled to take extracts of information so available to it and generate reports therefrom.

- (iv) not to issue any authority to act on its behalf as shareholder pursuant to **Clause 2(d)** above to any person who is not a Participant or a person duly authorized by a Participant, a Beneficial Owner of shares or such person's duly authorized agent;
  - (v) indemnify and keep indemnified the Issuer against any loss, damage, costs, expense, liability or claim (including without limitation legal costs to advise or defend against such claims) suffered or incurred by or made against the Issuer arising from TTCD authorizing a person as its agent under **Clause 2(d)** above without the authority of a Participant or Beneficial Owner of shares held by TTCD in the Issuer.
4. TTCD further agrees with the Issuer that:-
- (i) on receipt of a notice from an Issuer pursuant to **Section 114(2)** of the SIA TTCD shall pass the notice including the request to all the Participants who are securities companies (i.e. only to brokers) and request their compliance with **Section 114(5) of the SIA**. Such notice to the Participants shall specify that their list be sent to TTCD (and not to the Issuer directly) as provided in the Participant's Agreement and that it shall arrive within five (5) days after the record date.;
  - (ii) if TTCD receives any Participant's list under **Section 114(5) of the SIA** in time it will consolidate the names of all Beneficial Owners named in such lists in its own list (taking care to do so in a way which does not permit association of a Beneficial Owner with a Participant, thus complying with **Section 114(7)**) of the SIA and will deliver to the Issuer a single consolidated list only within seven (7) days of the Record Date fixed, including addresses and holdings of all Participants and Beneficial Owners named in such list with such names in alphabetical order;
5. In the event of a transfer of the beneficial ownership of any Securities in TTCD after the record date established by the Issuer for the purpose of determining shareholders entitled to receive notice of a meeting of shareholders of the Issuer to a transferee not shown as a shareholder on a list supplied by TTCD under **Section 114** of the SIA for such purpose.
- (a) TTCD will notify the Issuer of such transfer;
  - (b) if the transferee or the Transferee's Participant so requests not later than ten (10) days of the date of such meeting,
    - (i) TTCD shall provide a certificate of the transfer to the Issuer signed by it and countersigned by the transferee's Participant stating the number of Securities transferred, the name of the transferee and the date of the transfer and the list shall be amended accordingly; and
    - (ii) the Issuer will accept such certificate as determining the ownership of such shares for such purpose.

6. **Notices**

Any notice or other communication required or permitted to be given by this Agreement shall be in writing and shall be effectively given and made if:-

- (i) delivered personally;
- (ii) sent by courier service; or
- (iii) sent by facsimile message or other means of electronic communication,

in each case to the applicable addresses set out below as they may be amended from time to time in writing to the other parties hereto:

- (a) if to TTCD:  
Address: 10<sup>th</sup> Floor, Nicholas Tower, Cor Abercromby Street and Independence Square, Port of Spain.  
Telephone No: (868) 625-5107 / 5108  
Facsimile Number: (868) 623-0089
- (b) if to the Issuer :  
Address:  
Telephone No:  
Facsimile Number:  
Electronic Mail address:

Any notice or other communication so given shall be deemed to have been given and received on the day of delivery if delivered or on the day of faxing or sending by electronic communication, provided that such day is a business day and such notice or other communication is so delivered, faxed or sent prior to 4:30 p.m. on such day, otherwise such notice or communication shall be deemed to have been given and received on the next following business day. Any such notice or other communication given in any other manner shall be deemed to have been given and received only upon actual receipt.

7. **No Amendment**

No amendment of this Agreement will be effective unless made in writing and signed by the parties hereto.

8. **Waiver**

No waiver of any provisions of this Agreement shall be deemed to be or shall constitute a waiver of any other provision nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

9. **Choice of Law**

This Agreement shall be construed in accordance with the laws of the Republic of Trinidad and Tobago and shall be subject to the exclusive jurisdiction of the Courts of the Republic of Trinidad and Tobago.

IN WITNESS WHEREOF the duly authorized officers of TTCD and the Issuer have hereunto set their respective hands this day and year first hereinabove mentioned.

THE FIRST SCHEDULE ABOVE REFERRED TO

THE SECOND SCHEDULE ABOVE REFERRED TO

*(Notice)*

TTCD  
10<sup>th</sup> Floor, Nicholas Tower,  
Cor Abercromby Street and  
Independence Square,  
Port of Spain.

**TAKE NOTICE** Limited (" the Company") intends to fix a record date for the [notice/dividend/other reason] on the \_\_\_\_\_ day of \_\_\_\_\_, 2003 .

The Company hereby requests from you a list of the names of the Participants for whom you hold securities made up as of the record date together with a list of all beneficial owners made up also as of that date.

Signed by \_\_\_\_\_  
authorized signatory for \_\_\_\_\_  
Limited

THE THIRD SCHEDULE ABOVE REFERRED TO

*(On the letterhead of TTCD)*

TO [ Name of Issuer ]

We hereby request you to recognize \_\_\_\_\_ of \_\_\_\_\_ [whose signature appears below/who is the holder of ID Card No. \_\_\_\_\_/ who is the holder of Passport No. \_\_\_\_\_] as the Agent of TTCD as shareholder in respect of a holding of \_\_\_\_\_ of your shares for the purpose of [ to be set out ].

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 200.

\_\_\_\_\_  
[Signature of Agent]

On behalf of TTCD

by: \_\_\_\_\_

SIGNED by \_\_\_\_\_ )  
the duly authorized officer for THE TRINIDAD )  
AND TOBAGO CENTRAL DEPOSITORY )  
LIMITED with due authority in the presence of:-

SIGNED by \_\_\_\_\_ )  
of the Issuer with due )  
authority in the presence of:- \_\_\_\_\_ )

## APPENDIX XI Stock Exchange Settlement Procedure Guidelines

### STOCK EXCHANGE SETTLEMENT PROCEDURE GUIDELINES

#### PROCEDURE (1)

##### Settlement Procedures as they relate to TTCD Participants

###### Introduction

These procedures set out the issues relating to one side of a securities transaction, namely, the "buy side" and focus on the settlement of funds by Participants arising from Trades executed in accordance with the Rules of the TTCD.

1. In connection with the maintenance of banking records, each Participant is responsible for providing the TTCD with the following: the name of the Commercial Bank, Payment Account Number, and the name of a contact person at the Bank who is authorized to receive documents in relation to the payments to be made by a Participant from funds in the Payment Account.
2. For the purposes of guaranteeing settlement of transactions, each Participant will negotiate and enter into an agreement with its respective Commercial Bank so as to ensure:
  - (a) That by 11 a.m. on each Settlement Date (T+3), the Participant's Commercial Bank will notify the Central Bank that there are sufficient cleared funds in the Participant's Payment Account.
  - (b) An irrevocable stand-by Letter of Credit in a form satisfactory to the TTCD, maintained in an amount specified by TTCD and in favour of the TTCD is in force and available to the Participant's Commercial Bank for use, in the event that there are insufficient funds on hand to meet settlement obligations.
  - (c) The irrevocable stand-by Letter of Credit is not used to settle transactions that occur in the normal course of business.
3. Each Participant is required to send a copy of all agreements executed with its respective Commercial Bank to the TTCD promptly after execution.
4. It is the responsibility of the TTCD to send by 9 a.m. on the day after the receipt of instructions from a Participant:
  - (a) Two hard copies of the **Clearing by Account Report** to each Participant party to the Transaction.
  - (b) Two copies of the **Participants' Net Settlement Obligation Reports** to the Participants' Commercial Bank(s).
  - (c) Two copies of the **Total Net Settlement Obligation Report** to the Central Bank.

Each Participant, the Participants' Commercial Banks and the Central Bank will acknowledge receipt of the copies of the Report sent, by time stamping and signing same and returning one copy of the relevant report to the TTCD's representative.

5. The TTCD will confirm to the Central Bank that Participants have made satisfactory arrangements with their Commercial Banks for the provision of cleared funds to settle transactions including the establishment of the relevant Letters of Credit.
6. By 11 a.m. on each Settlement Date (T+3) the buying Participants' Commercial Bank(s), in accordance with the Agreement between each Participant and its Bank, will confirm the existence of the required cleared funds (net to pay) in its clients' Payment Accounts to the Central Bank.
7. By 12 noon the Central Bank will debit the Reserve Account of each buying Participant's Commercial Banks with the requisite amount and deposit the (net to receive) funds to the Reserve Account of the corresponding selling Participant's Commercial Bank.
8. In the event that a buying Participant does not have the required cleared funds in the appropriate Payment Account and therefore fails to meet the settlement obligations by 11 a.m. on the Settlement Date (T+3), then the emergency procedures will be instituted as follows:-
  - (a) Buying Participant's Commercial Bank will notify the Central Bank by 11:00 a.m. that the buying Participant does not have the required cleared funds in its Payment Account to settle the transaction. The Central Bank will inform the TTCD Manager who will inform the defaulting buying Participant of same and request that the required cleared funds be deposited in the said Account by 11:35 a.m.
  - (b) If by 11:35 a.m. the buying Participant's Commercial Bank has confirmed to the Central Bank that the said buying Participant had not deposited the required cleared funds in its account to settle the transaction:
    - i. The TTCD Manager will immediately send to the buying Participant's Commercial Bank a written demand of payment with respect to the Letter of Credit accompanied by a certificate from TTCD that the Participant has failed to honour its obligations to the selling Participant or TTCD as the case may be and the amount to be drawn from the Letter of Credit to settle the transaction.
    - ii. It will be the responsibility of the Participant to ensure the reinstatement of the Letter of Credit in an amount specified by TTCD before his recommencing trading.
    - iii. If the Letter of Credit is insufficient to ensure settlement, then the TTCD Manager will inform the defaulting buying Participant, report the matter to the Chairman of the Board of the TTCD as shown in #9 below, suspend the defaulting Participant from the TTCD and immediately notify the General Manager of the Stock Exchange of actions taken.



- iv. The General Manager of the Exchange will upon such notification, inform the Securities and Exchange Commission of the suspension and at the same time provide the Commission with the reason(s) for the suspension and the procedures that were followed in doing so.
9. If after the foregoing actions are taken the defaulting Participant's funds are still unable to meet its full settlement obligations, the TTCD Manager will refer the matter to the Chairman of the Board of Directors of the TTCD who will seek to resolve the matter by way of a loan from the Stock Exchange or otherwise for the purposes of concluding the transaction.
10. The TTCD will pay to the Central Bank the balance of Funds to complete settlement. The Central Bank will notify the defaulting Participants' Bank to authorise debit to its reserve account of all available cleared funds for the Net Settlement Obligations.
11. TTCD will exercise the right of sale of the specific collateral of the defaulting Participant under Rule 1.17.3 of the Service Rules of the TTCD.
12. Remedial action will be taken by the TTCD against the Participant to ensure repayment of any funds borrowed and disbursed in settlement of the said transaction.

**N.B. Reference to the TTCD Manager includes anyone authorised to perform his duties.**

2002-03-13

## PROCEDURE (2)

### Settlement Procedures as they relate to the Participants' Commercial Banks

#### Introduction

With respect to Net to Pay and Net to Receive obligations, each Participant's Commercial Bank will receive from the TTCD by 9 a.m. on each business day following a Transaction (T+1), two hard copies of the Participants' Net Settlement Obligation Report. The Participant's Commercial Bank will acknowledge receipt of the Participants' Net Settlement Obligations by stamping and signing one of the said copies and return same to the TTCD.

#### Procedure for Settlement of Participants' Obligations

##### Net to Pay

By 11 a.m. on each Settlement Date (T+3) the Commercial Bank, in accordance with its Agreements with the Participants, will notify the Central Bank whether or not the Participants' Payment Accounts contain the requisite amount of cleared funds (net to pay) to meet their settlement obligations as shown in the Participants' Net Settlement Obligation Report. In the event that Participants have sufficient funds in their Payment Accounts to meet their settlement obligations, the Participants' Commercial Banks will further authorise the Central Bank to debit their Reserve Accounts accordingly. In the event that any Participant has insufficient funds in its Payment Account to meet its settlement obligation the Participants' Bank will soon notify the Central Bank and, the Central Bank will immediately notify the General Manager of the TTCD of the situation.

Following the completion of arrangements by the TTCD to settle the short fall of the defaulting Participant the Central Bank will notify the defaulting Participants' Commercial Bank to authorise debit to its' Reserve Account of all available Cleared Funds for Net Settlement of Obligations.

In the event the Participants' Commercial Banks do not notify the Central Bank by 11 a.m. the Central Bank will confirm with the Commercial Banks the availability or unavailability of cleared funds in the Participants' Payment Accounts to meet their settlement obligations. Where a Participant's Commercial Bank confirms to the Central Bank the availability of cleared funds in the Participant's Payment Account to meet his settlement obligations the Participant's Commercial Bank will forthwith authorize the Central Bank to debit its Reserve Account.

##### Net to Receive

By 12 noon on each Settlement Date (T+3) the Central Bank will deposit the net to receive funds in the Reserve Accounts of the selling Participants' Commercial Banks for the Accounts of the Participants and notify the Net to Receive Participants' Commercial Banks of the credits to their Reserve Accounts.

**N.B.** Reference to the TTCD Manager includes anyone authorised to perform his duties.

2002-03-13

PROCEDURE (3)

**Settlement Procedures as they relate to the Payment Agency (The Central Bank)**

The Central Bank as Payment Agency will be responsible for the following:

1. Designate a person or persons within the Central Bank to be responsible for TTCD Funds Settlement Obligations and inform the TTCD and Participants' Commercial Bank as to the name(s) of the person (s) assigned such duties.
2. After receipt from the TTCD by 9 a.m. on each business day following a Transaction (T+1) of two copies of the Total Net Settlement Obligation Report as shown below, containing "Net to Pay" and "Net to Receive" settlement obligations of Participants, acknowledge receipt of same by stamping, signing and returning one copy of the Report to the TTCD's representative.

**TOTAL NET SETTLEMENT OBLIGATION REPORT**

| DATE | PARTICIPANT'S BANK       | NET-TO-PAY(-) / NET-TO-RECEIVE (+) |
|------|--------------------------|------------------------------------|
|      | CITIBANK (T&T) LTD       |                                    |
|      | FIRST CITIZENS BANK LTD  |                                    |
|      | INTERCOMMERCIAL BANK LTD |                                    |
|      | REPUBLIC BANK LTD        |                                    |
|      | ROYAL BANK T&T LTD       |                                    |
|      | SCOTIABANK LTD           |                                    |

3. If the Central Bank is not notified by 11.00 a.m. on the Settlement Date by any Participant's Commercial Bank that there are insufficient funds in the Participant's Payment Account to settle any obligation included in the Participant's Net Settlement Obligation Report so as to permit settlement, the Central Bank will confirm with the Participant's Commercial Bank whether or not there are cleared funds in the Participant's Payment Account.
4. If the Central Bank is notified by 11.05 a.m. on the Settlement Date by all Participants' Commercial Banks that each Participant's Payment Account contains the requisite amount of cleared funds to meet its Settlement Obligations it will, on receipt of authorization from the Participants' Commercial Banks, debit the Reserve Account of each Participant's Commercial Bank with its Net to Pay Obligations and will credit the Reserve Account of each Participant's Commercial Bank with its Net to Receive Settlement Obligations and will immediately thereafter confirm to the Manager of the TTCD that all Net to Pay and Net to Receive Obligations as contained in the Participants' Net Settlement Obligation Report have been satisfied. The Central Bank will advise Net to Receive Participants' Commercial Banks no later than 1:00 p.m. of the respective credit to their Reserve Accounts.
5. If, however, the Central Bank is notified by any Participant's Commercial Bank by 11.05 a.m. on the Settlement Date that there are insufficient funds in a Participant's Payment Account to settle his obligations, then the Central Bank shall so notify the Manager of the TTCD who shall ensure that there are funds to settle all transactions by 12 noon or as soon as possible thereafter.
6. If, following a notification of a defaulting Participant under paragraph 5 above and prior to 12.00 noon on the Settlement Date, notice is received by the Central Bank of the subsequent availability of funds in the Participant's Account and the Participant's Commercial Bank's willingness to settle, the Central Bank will effect the settlement of all the outstanding obligations in the Total Net Settlement Obligation Report as provided in paragraph 4 above and will notify the Manager of the TTCD accordingly.
7. If by 11.35 a.m. no notification is received by the Central Bank from the defaulting Participant's Commercial Bank that funds have since been deposited in the Participant's Account to enable settlement, the Central Bank will again notify the Manager of the TTCD.
8. As soon as possible after the receipt of the failure to pay notification by the Central Bank under paragraph 5 above, the Manager of the TTCD will inform the Central Bank of the remedial action that the TTCD proposes to take to settle the transaction by 12.00 noon or as soon as possible thereafter.
9. By 12.00 noon or as soon as possible thereafter TTCD will ensure that the necessary funds are provided and the Central Bank shall settle all obligations on being notified by the Participant's Commercial Bank that funds are available.

## APPENDIX XII Procedures for depositing securities into the TTCD and the transfer of securities in the name of the TTCD

### PROCEDURES FOR DEPOSITING SECURITIES AND THE TRANSFER OF SECURITIES IN THE NAME OF TTCD

- a. If an owner of Securities ("Client") in a listed company wishes to deposit such Securities into the TTCD he would go to his broker ("Participant") with his certificate evidencing ownership of the Securities. The owner of Securities will sign an Agreement in a form agreed by TTCD between the Participant and himself and a share transfer form transferring the Securities to TTCD and give appropriate instructions. The Participant will then access the relevant file on his computer, create and set up a sub-account for the Client under his own Participant account. The Participant will include in the Client sub-account all the relevant information including the number of Securities and the issuer of those Securities, and the mailing address as well as the usual residential address of the Client. The Participant may have as many Clients' sub-accounts as necessary.
- b. The Participant will deliver to TTCD the relevant Securities certificate and the relevant transfer forms made out in favour of TTCD corresponding with the number of shares evidenced by the certificates signed by the client as transferor together with a document in the form annexed hereto marked "A" providing pertinent information with respect to the transfer ("transfer journal A") in triplicate. The TTCD will check the computer input made in a. above against the documents presented, to ascertain that the information entered by the Participant agrees with the information on the certificates submitted for approval, the transfer journal and the transfer forms. If the information entered by the Participant does not agree with the information on the certificates, transfer journal or transfer form the Participant shall make the necessary changes in the information entered. It is to be noted that Participants are obliged to review each certificate submitted for deposit to ensure transferability.
- c. On the receipt of the share certificates, transfer journal and share transfer forms TTCD shall sign and return one copy of transfer journal to the Participant. Once the share certificates, transfer journal and the transfer forms are in order the TTCD will immediately place the certificate and other transfer documents together with the original and one copy of the transfer journal A together with a letter from TTCD requesting the transfer in a sealed envelope, addressed to the relevant Company Registrar/ Transfer Agent and deposited in the letterbox at the Exchange for pickup by a messenger of the Company Registrar/ Transfer Agent.
- d. The Company Registrar/Transfer Agent on receiving the share certificates, transfer forms and transfer journal (collectively the "transfer documents") will check the share certificates and the transfer forms against the enclosed transfer journal. Once the Company Registrar/Transfer Agent is satisfied that these documents are in order it will immediately enter TTCD's name as the owner of the shares in question in the relevant register. Within three (3) days following the receipt of the transfer documents, the Company Registrar / Transfer Agent will confirm to the TTCD, by stamping or signing the relevant area of the original transfer journal that states:  
**'We confirm that the Securities(s) totaling \_\_\_\_\_ above have been registered in the name of The Trinidad and Tobago Central Depository Limited' and returning the original to TTCD.**
- e. If any of the certificates is invalid, not genuine, or not in good transferable form, or any of the transfer forms is not properly completed or executed then the company Registrar/Transfer Agent will sign or stamp the relevant area of the transfer journal indicating that the associated Securities have not been registered giving the reason for not doing so and within three (3) days of receipt of the transfer documents return the relevant certificate(s), transfer forms and transfer journal to the TTCD. The TTCD will return same to the Participant and the Participant shall delete all information regarding that transfer from its Client sub-account.
- f. The Company Registrar/Transfer Agent will hold the initial share certificates for the Securities that have been transferred and registered in the name of the TTCD. The TTCD may continue to send to the Company Registrar/Transfer Agent, transfer documents for additional Securities to be registered in the name of the TTCD. They will confirm to the TTCD such registration within the three (3) day period referred to above after the receipt of the transfer documents. No share certificates will be issued to TTCD except one comprehensive certificate every month as provided below.
- g. At the end of each month any previous Jumbo Certificate lodged at the Central Bank will be withdrawn and sent to the Company Registrar/Transfer Agent for cancellation and the Company Registrar/Transfer Agent will send to the TTCD, a share certificate showing the total number of Securities registered in the name of TTCD ("Jumbo Certificate") as of the end of the month.
- h. On the date of dispatch of the Jumbo Certificate to the TTCD, the Company Registrar/Transfer Agent will issue a registration advice to TTCD stating the number of Securities (and the associated transfer journal number(s) to which they refer) that contribute to the incremental increase or decrease of the Jumbo Certificate during the month.
- i. On receipt of the Jumbo Certificate from a Company Registrar/Transfer Agent the relevant officer at the TTCD will ascertain that the incremental increase or decrease of Securities in the certificate agrees with the number of Securities on the original transfer journals lodged with the transfer documents for registration during the month taking into account any withdrawals during the same period. He will note the adjustment that must be made to account for the number of Securities that the Company Registrar/Transfer Agent has advised have not been registered for any reason under paragraph e. above.
- j. After confirmation under i. above the appropriate officer at the TTCD will approve and process deposit(s) under the appropriate Participant into the Nominee Vault on the computer system.
- k. The Jumbo Certificate, together with a duplicate of the deposit advice document will then be lodged, in the Physical Vault at the Central Bank. .

## APPENDIX XII Procedures relative to Corporate Actions governed by Section 114 of the Securities Industry Act, 1995

### PROCEDURES RELATIVE TO CORPORATE ACTIONS GOVERNED BY SECTION 114 OF THE SECURITIES INDUSTRY ACT, 1995

1. Matters relative to corporate actions will be processed by the Company Registrar/Transfer Agents in accordance with Section 114 of the Securities Industry Act.
2. In accordance with Section 114 of the Securities Industry Act Issuers will receive from TTCD a consolidated list of Participants and beneficial owners of Securities relative to rights, bonus issues, dividends and other corporate actions whenever the Issuer notifies the TTCD that it proposes to close its securities register or fix a record date under section 114 (1) of the Securities Industry Act. The exact procedures in this regard are set out in the Agreements entered into by each Issuer with TTCD and by each Participant with TTCD. With respect to dividends, such list will also show the residence of the beneficial owners of Securities so that the issuer could determine the withholding tax to be paid if any.
3. With respect to Rights Issues, the Issuer under the procedure at 2. above would send the Beneficial Owner of shares in the company or the relevant Participant as the case may be as shown on the consolidated list the Rights Issue documents. Where a Beneficial Owner indicates to the Issuer in writing either directly or through a Participant, acceptance of the rights shares allocated to him, and that the shares may be issued to TTCD as the registered owner the rights shares will be issued in the name of the TTCD which shall send written confirmation of the issue to the Beneficial Owner or his agent and at once credit the Securities account of that Beneficial Owner's Participant who will then hold those Securities for the benefit of the Beneficial Owner. Similarly any excess shares purchased by a Beneficial Owner in the Rights Issue will also be issued to the TTCD in accordance with the same procedure. The Beneficial Owner will also note the change in his ownership when he receives his monthly statements from the TTCD and his Participant respectively.
4. With respect to a bonus issue of shares the relevant Issuer will send a letter to Beneficial Owners or Participants as the case may be as shown on the consolidated list informing them as to the number of shares to which they are entitled and that their bonus shares will be issued in accordance with the procedure in 3. above in the name of the TTCD. The TTCD will treat these bonus shares in the same manner as provided above for rights issues.
5. With respect to stock (share) split, the Issuer will inform the beneficial owners or Participants as the case may be as shown on the consolidated list of the said split and of their new shareholding in the company. The Company Registrar/ Transfer Agent will advise them that following the procedure set out in 3. above their new shares will be issued in the name of the TTCD who will treat such shares in the same manner as provided above for rights issues.
6. The Issuer will notify The Trinidad and Tobago Stock Exchange Limited and the TTCD in advance of its intended corporate action announcement. Upon receipt of the corporate action announcement the details will be entered within the Corporate Action Diary of the TTCD computerized system. These details will be available to the Participants from their Inquiry Option.

## **APPENDIX XIII Guidelines on Timely Disclosure of Information**

### **A. Introduction**

Public confidence in the integrity of the securities market requires timely disclosure of information concerning the business and affairs of companies listed on the Exchange, thereby placing all participants in the market on an equal footing. All companies whose securities are listed on the Exchange are obliged to comply with the provisions on timely disclosure as provided herewith.

### **B. Material Information**

Material information refers to any information relating to the business affairs of the company which would likely be considered important to a reasonable investor in making an investment decision; material information consists of both material facts and material changes. Companies are required to report all material information affecting the performance of the company to the investing public.

### **C. Immediate Disclosure**

A listed company is required to disclose material information concerning its business and affairs by the next day, upon the information becoming known to management, or in the case of information previously known, and upon it becoming apparent that the information is material.

Disclosure of information to the Exchange must be in electronic format as well as hard copy and be simultaneously published in the daily newspaper. Information received by the Exchange would be disseminated to investors via the securities firms, posted on the Exchange's website, published in the local newspapers via the Exchange's Weekly Bulletin and filed electronically for easy retrieval upon request.

### **D. Developments to be Disclosed**

Shareholders and the investing public must be informed of any development taking place with the listed company, which may affect their investment decisions. Developments must be disclosed at the proposed stage or before an event actually occurs, if the proposal gives rise to material information at that stage.

Announcements are to be made when a decision has been sanctioned by the Board of Directors of the company or by Senior Officers with the expectation of concurrence from the Board of Directors.

Developments that are likely to give rise to material information and require prompt disclosure include, but are not limited to the following:

1. Changes in share ownership that may affect control of the company
2. Changes in corporate structure, such as reorganizations, amalgamation, etc.
3. Take-over bids
4. Major corporate acquisitions or dispositions
5. Change in capital structure
6. Borrowing of a significant amount of funds
7. Public or private sale of additional securities
8. Development of new products and developments affecting the company's resources, technology, products or market
9. Entering into or loss of significant contracts
10. Changes in capital investment plans or corporate objectives
11. Significant changes in management
12. Firm evidence of significant increases or decreases in near-term earning prospects
13. Significant litigation
14. Major labour disputes or disputes with major contractors or suppliers
15. Any other developments relating to the business and affairs of the company that would reasonably be expected to significantly affect the market price or value of any of the company's securities or that would reasonably be expected to have significant influence on a reasonable investor's investment decisions.

### **Rumours**

Unusual market activity is often caused by the presence of rumours. When market activity indicates that trading is being unduly influenced by rumours and speculation, the Exchange will request that a clarifying statement be made by the company via a news release as to whether such rumours and speculation are factual or not.

Listed companies must consult with the management of the Exchange when in doubt as to whether disclosure should be made.

### **E. Content of Announcements**

Investors possess the right to obtain timely and factual information regarding the business affairs of the company.

Announcements of material information must be factual and balanced, neither over-emphasizing favorable news nor de-emphasizing unfavorable news, and one must be disclosed just as promptly and completely as the other. News releases must contain sufficient detail to enable media personnel and investors to appreciate the true substance and importance of the information.

### **F. Confidentiality**

In limited circumstances, disclosure of material information concerning the business affairs of a listed company may be delayed and kept confidential temporarily, where immediate release of the information would be unduly detrimental to the interest of the company.

Instances in which disclosure might be unduly detrimental to the company's interest are as follows:

- i. Release of the information which would prejudice the ability of the company to pursue specific and limited objectives or to complete a transaction or series of transactions that are underway. For example, premature disclosure of the fact that a company intends to purchase a significant asset may increase the cost of the acquisition.
- ii. Disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them. Such information may be kept confidential if the company is of the opinion that the detriment to it resulting from disclosure would outweigh the detriment to the market in not having access to the information. A decision to release a new product, or details on the features of a new product, may be withheld for competitive reasons. Such information should not be withheld if it is available to competitors from other sources.
- iii. Disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. If it seems that the situation is going to stabilize within a short period, public disclosure may be delayed until a definitive announcement can be made. Disclosure should be made once "concrete information" is available, such as a final decision to proceed with the transaction or, at a later point in time, finalisation of the terms of the transaction.

Withholding of material information on the basis that disclosure would be unduly detrimental to the company's interests must be infrequent and can only be justified where the potential harm to the company or to investors caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure.

While recognising that there must be trade-off between the legitimate interests of a company in maintaining secrecy and the right of the investing public to disclosure of corporate information the Exchange discourages delaying disclosure for a lengthy period of time since it is unlikely that confidentiality can be maintained beyond the short term.